Doc. No. 5717

MEMORANDUM ADOPTED: NOVEMBER 16, 1995

TO: BOSTON REDEVELOPMENT AUTHORITY AND
MARISA LAGO, DIRECTOR

FROM: JAMES LYDON, ASSISTANT DIRECTOR FOR
ECONOMIC DEVELOPMENT
E. OWEN DONNELLY, ASSISTANT DIRECTOR

SUBJECT: U.S. CUSTOM HOUSE FINAL DESIGNATION

SUMMARY: This memorandum requests with regard to the Custom House (the "Proposed Project") that the Boston Redevelopment Authority (the "Authority"): (1) grant final redeveloper designation to Beal Properties CH Limited Partnership ("BPCHLP") and Marriott Ownership Resorts, Inc. ("MORI"), jointly, (the "Redeveloper"); (2) authorize the Director to execute a Lease, a Pre-Closing Agreement and a Purchase Option Agreement with Redeveloper and its affiliates and to execute other documents as the Director deems appropriate and in the best interest of the Authority; (3) authorize the Director to execute all documents necessary to effectuate retirement of the Note and Mortgage with the U.S. General Services Administration (the "GSA"); (4) approve minor modifications of the Downtown Waterfront/Faneuil Hall Urban Renewal Plan, Project No. Mass. R-77; and (5) vote an order of taking of portions of State, India and Central Streets and McKinley Square necessary for public improvements.

This memorandum requests that the Authority grant final designation to Beal Properties CH Limited Partnership and Marriott Ownership Resorts, Inc., jointly, as redeveloper of the U.S. Custom House located at 2 India Street in the Downtown Waterfront/Faneuil Hall Urban Renewal Plan Project Area, Project No. Mass. 77.

The Boston Redevelopment Authority purchased the U.S. Custom House from the General Services Administration ("GSA") on October 9, 1987 for $11 million. At that time, a downpayment of $1.1 million was made and the GSA granted the BRA financing for $9.9 million secured by a mortgage on the property. Following one designation round which proved unsuccessful, the BRA granted tentative designation to the Beal Companies on July 26, 1991. The Beal Companies' proposal was to rehabilitate the Custom House into a luxury hotel operated by Inter-Continental Hotels. The adjacent 131 State Street building would be incorporated through the use of a glass bridge into the Custom House, resulting in a single hotel property containing 340 hotel rooms.

Since that time, the BRA has executed an Amended and Restated Note and Mortgage with the GSA, reducing the interest rate payable and extending the Note repayment period. The effect of this Note and Mortgage restructuring has been to make the property more marketable.

In June of this year, Beal Properties CH Limited Partnership approached the BRA with a redevelopment proposal developed in conjunction with Marriott Ownership Resorts, Inc. BPCHLP/MORI proposes to develop the Custom House for interval ownership, which is most commonly known as time-sharing. Interval ownership includes usage by vacation and business owners.

MORI is the world leader in the interval ownership segment of the hospitality industry, operating 25 resort properties in 12 locations, with over 1,800 units completed for 55,000 owners. Locations of MORI vacation ownership resort properties include: Hilton Head, South Carolina; Orlando, Florida; Vail, Colorado; Paradise Island, Bahamas; Palm Desert, California; Williamsburg, Virginia; Breckenridge, Colorado; and Hawaii. Boston will be MORI's first urban vacation ownership facility.

The Proposed Project will consist of 80 1-bedroom timeshare units. The product for sale will be a leasehold condominium interest generally sold in intervals of one week. Owners will have the option to put their week up for rent. Rental occupants will pay the hotel tax. The ground floor will have a public gallery space with additional public spaces available at the Observation Deck on floor 25. Floors 2 and 3 will have commercial uses or ancillary uses related to the vacation ownership development. The public streets surrounding the Custom House will be reconfigured to create an attractive setting for the building and to provide essential service facilities. The construction period is estimated to be 12-14 months with the building opening in February 1997.

At its meeting on May 18, 1995 the Authority approved a term sheet with BPCHLP/MORI for the Proposed Project which was subsequently executed by the Director and BPCHLP/MORI. At its meeting on June 6, 1995, the Boston Civic Design Commission voted to recommend design approval of the Custom House. The Boston Landmarks Commission voted to approve the design of the Proposed Project at its meeting on July 25, 1995. The Proposed Project will contain less than 100,000 square feet of gross floor area. Accordingly, the Proposed Project has complied with Article 31, to the extent applicable.

Implementation of the Proposed Project will require minor modifications of the Downtown Waterfront/Faneuil Hall Urban Renewal Plan to allow condominium ownership. In the opinion of the General Counsel such proposed modifications are minor and do not substantially or materially alter or change the plan. An appropriate resolution is attached as Exhibit C. Further, portions of State, India, and Central Streets and McKinley Square must be acquired by the Authority from the City of Boston to create an attractive setting for the building and provide space for the service needs essential to the redevelopment. For title purposes, the taking area also includes the land previously acquired by the Authority from the GSA. An appropriate order of taking is attached as Exhibit D.

There are numerous benefits associated with the Proposed Project. They include: renovation and reuse of one of Boston's most important landmarks; reuse of the landmark with public access and enjoyment; discharge of the BRA's obligation to the GSA; remuneration to the BRA upon successful sale of individual vacation ownership units; and streetscape improvements commensurate with such a notable part of the City of Boston.

Therefore, Authority staff recommends that the Authority: (1) grant final redeveloper designation jointly to Beal Properties CH Limited Partnership and Marriott Ownership Resorts, Inc.; (2) authorize the Director to execute a Lease, a Pre-Closing Agreement and a Purchase Option Agreement with the Redeveloper and its affiliates and to execute other documents as the Director deems appropriate and in the best interest of the Authority; (3) authorize the Director to execute all documents necessary to effectuate retirement of the Note and Mortgage with the U.S. General Service Administration; (4) approve minor modifications of the Downtown Waterfront/Faneuil Hall Urban Renewal Plan, Project No. Mass. R-77; and (5) vote an order of taking concerning portions of State, India and Central Streets and McKinley Square.

Appropriate votes follow:

VOTED: That the Authority hereby adopts the resolution entitled "Resolution of the Boston Redevelopment Authority RE: Final Designation of Beal Properties CH Limited Partnership and Marriott Ownership Resorts, Inc., as Redeveloper of the U.S. Custom House in the Downtown Waterfront/Faneuil Hall Urban Renewal Area, Project No. Mass. R-77; (Exhibit A); and

FURTHER VOTED: That the Director be authorized to execute a Pre-closing Agreement with Beal Properties CH Limited Partnership and Marriott Ownership Resorts, Inc., a Lease with MORI, and a Purchase Option with Marriott International, Inc. ("MII"), MORI's parent company, and a Custom House Public Areas Agreement with the City of Boston, MORI, and MII for the U.S. Custom House in forms substantially the same as the enclosures in Exhibit B, including such changes as the Director deems appropriate and in the best interest of the Authority; that all actions taken to date by the Director in furtherance of any of the foregoing are hereby ratified and confirmed; and to execute other documents as the Director deems appropriate and in the best interest of the Authority; and

FURTHER VOTED: That the Director be authorized to execute all documents necessary to effectuate retirement of the Note and Mortgage with the U.S. General Services Administration regarding the U.S. Custom House; and

FURTHER VOTED: That the Authority hereby adopts the resolution entitled "Resolution of the Boston Redevelopment Authority RE: Minor Modifications of the Downtown Waterfront/Faneuil Hall Urban Renewal Plan, Project No. Mass. R-77" (Exhibit C); and

FURTHER VOTED: That the Authority hereby adopts the Resolution attached hereto in Exhibit D that states "Be it resolved by the Boston Redevelopment Authority that an Order of Taking, dated November 16, 1995, relating to a portion of the Downtown Waterfront Faneuil Hall Urban Renewal Area, Mass. R-77, be executed and made a permanent part of these proceedings, a copy of which the Secretary shall cause to be recorded in the Office of the Registry of Deeds for the County of Suffolk," for that parcel known as the U.S. Custom House, containing approximately 37,255 square feet.

EXHIBIT A

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY RE: FINAL DESIGNATION OF BEAL PROPERTIES CH LIMITED PARTNERSHIP AND MARRIOTT OWNERSHIP RESORTS, INC. AS REDEVELOPER OF THE U.S. CUSTOM HOUSE IN THE DOWNTOWN WATERFRONT/FANEUIL HALL URBAN RENEWAL AREA, PROJECT NO. MASS. R-77

WHEREAS, the Boston Redevelopment Authority (hereinafter referred to as the "Authority"), has entered into a contract for a loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance in the hereinafter identified project; and

WHEREAS, the Urban Renewal Plan for the Downtown Waterfront/Faneuil Hall Urban Renewal Area, Project No. Mass. R-77 (hereinafter referred to as the "Project Area"), has been duly reviewed and approved in full compliance with local, state and federal law; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of urban renewal projects with federal financial assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion, or national origin; and

WHEREAS, the Beal Properties CH Limited Partnership ("BPCHLP") and Marriott Ownership Resorts, Inc. ("MORI") have expressed an interest in and have submitted a satisfactory proposal for the redevelopment of the U.S. Custom House in the Downtown Waterfront/ Faneuil Hall Urban Renewal Area; and

WHEREAS, the Authority is cognizant of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damage to the environment:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That BPCHLP/MORI be, and hereby is, finally designated as Redeveloper of the U.S. Custom House in the Downtown Waterfront/Faneuil Hall Urban Renewal Area.

2. That it is hereby determined that BPCHLP/MORI possesses the qualifications and financial resources necessary to acquire and develop the land and building in accordance with the Urban Renewal Plan for the Project Area.

3. That disposal of said U.S. Custom House by negotiation is the appropriate method of making the land available for redevelopment.

4. That the Authority has received and reviewed the following materials:

   a. Evidence of the availability of necessary equity funds, as needed; and

   b. Evidence of firm financial commitment; and

   c. Design Development Drawings and Specifications; and

   d. Proposed development and sales schedule; and

   e. Evidence that the proposed development will not result in significant damage to the environment and further, that all practicable feasible means and measures have been taken to avoid or minimize damage to the environment.

5. That the Final Plans submitted by BPCHLP/MORI must conform in all respects to the Urban Renewal Plan for the Project Area and that said Final Plans be approved by the BRA.

6. That the Director be and hereby is authorized to execute a lease, purchase option and related documents between and/or among one or more of the Beal Properties C.H. Limited Partnership, Marriott Ownership Resorts, Inc. and Marriott International, Inc., on the one hand, and the Boston Redevelopment Authority on the other hand, consistent with that certain Term Sheet approved by the Boston Redevelopment Authority on May 18, 1995, with such amendments and on such other terms as may be approved by the Director in the Director's discretion, and that the Director be and hereby is authorized to execute, acknowledge and deliver any and all documents necessary or appropriate in connection with the foregoing, and that all actions taken to date by the Director in furtherance of any of the foregoing are hereby ratified and confirmed.

7. That the Director be and hereby is authorized to arrange for a grant from the City of Boston for the construction of public improvements in and around the Custom House property and areas adjacent thereto, based on plans to be approved by the Boston Redevelopment Authority, such work to be performed by either the City, the BRA or the redeveloper of the Custom House parcel, and that the Director be and hereby is authorized to execute, acknowledge and deliver any and all documents necessary or appropriate in connection with the foregoing.

8. That the Secretary is hereby authorized and directed to publish notice of the proposed disposal transaction in accordance with Section 105(E) of the Housing

Act of 1949, as amended, including information with respect to the "Redeveloper's Statement for Public Disclosure: (Federal Form H-6004) if applicable to this Project.

9. By accepting this designation the Redeveloper is specifically acknowledging that the Redeveloper shall be solely responsible for any and all costs of whatever kind of nature, incurred by the Redeveloper prior to the date of this vote or hereafter, in connection with the planning or redevelopment of the U.S. Custom House, 2 India Street, Boston, MA and the Boston Redevelopment Authority shall not be responsible or liable for any of such costs or be required to reimburse the Redeveloper for such costs in any respect or to any extent, except as specifically provided in the lease, purchase option and other agreements entered into by the Authority.

EXHIBIT B

LEASE

PRE-CLOSING AGREEMENT

PURCHASE OPTION AGREEMENT

CUSTOM HOUSE PUBLIC AREAS AGREEMENT

0167953.01
11/09/95

Lease
Between
Boston Redevelopment Authority
and
Marriott Ownership Resorts, Inc.

CUSTOM HOUSE - LEASE

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CUSTOM HOUSE - LEASE

THIS LEASE is entered into as of September 28, 1995. by and between the Boston Redevelopment Authority, a public body politic and corporate organized under the laws of the Commonwealth of Massachusetts with a mailing address of One City Hall Square. Boston. Massachusetts 02201 ("Landlord"), and Marriott Ownership Resorts, Inc., a Delaware corporation, with a mailing address at 1200 U.S. Highway 98 South, Suite 10, P.O. Box 890, Lakeland. Florida 33801 ("Tenant"), and its successors and assigns. Landlord and Tenant shall be collectively referred to hereinafter as the "Parties."

ARTICLE 1

PREMISES

1.1 Lease. Landlord, for and in consideration of the rents hereinafter reserved by Landlord and the covenants and agreements hereinafter contained on the part of the Tenant to be paid, kept and performed, does hereby lease to Tenant, and Tenant does hereby lease, take and hire upon and subject to the terms and conditions herein set forth, the Leased Premises.

1.2 Leased Premises; Adjacent Areas; and Tenant's Appurtenant Rights. The term "Leased Premises" shall mean (i) the land and building commonly known as the Custom House (the "Building") located at 2 India Street, Boston, MA 02201, (ii) the other parcels of land adjoining the Building shown on the plans referred to in Exhibit A as the "Transformer/Loading Area" which includes approximately 886 square feet of land, more or less, at the northwest corner of the Building, and the "Main Entrance Area" which includes approximately 1,322 square feet of land, more or less, at the easterly side of the Building, and (iii) the "Appurtenant Rights" described below with respect to certain other parcels of land adjoining the Custom House shown on the plans referred to in Exhibit A as the "Adjacent Areas." Tenant's rights in the Adjacent Areas consist of the Appurtenant Rights, which are in the nature of covenants and easements, and Tenant is not granted a leasehold interest in the Adjacent Areas beyond the Appurtenant Rights. Areas (i) and (ii) of the Leased Premises, and the Adjacent Areas, are situated in the Waterfront Urban Renewal Area, Project No. Mass R-77 in the City of Boston, Suffolk County, Massachusetts, and are as more particularly described on Exhibit "A" attached hereto and as shown on the plans referred to in said Exhibit "A."

The Adjacent Areas shall be subject to a reasonable right of passage by the public for pedestrian and vehicular traffic over the 20-foot way running from State Street to Central Street through McKinley Square as shown on the plans referred to in Exhibit A (the "Vehicular Way"). The Transformer/Loading Area, Main Entrance Area, and Adjacent Areas other than the Vehicular Way consist of street areas which have been or will be discontinued by the City of Boston (the "Discontinued Areas"). Tenant's rights in the Discontinued Areas shall be subject to the requirement that the Discontinued Areas be improved, maintained and made available for public use as sidewalk and plaza areas. The Main Entrance Area and the Adjacent Areas shall further be subject to a reserved easement for the City of Boston for the maintenance and operation of public utilities. The rights and obligations of Landlord, Tenant and the City with respect to the Vehicular Way and Discontinued Areas shall further be as set forth in that certain Custom House Public Areas Agreement, a copy of which is attached hereto as Exhibit I and incorporated by reference herein.

The Appurtenant Rights shall consist of the right to use the Adjacent Areas for all purposes consistent with the foregoing, including without limitation the following: the right. in common with the public. to use the Adjacent Areas for pedestrian access and egress to and from the Building and across the Adjacent Areas; the right to use the Adjacent Areas for installation, removal. maintenance and repair of utility lines and services to the Building (and to grant utility easements in connection therewith); the exclusive right to prohibit from time to time use of all or any portion of the Adjacent Areas for motor vehicle travel (except within the Vehicular Way); the exclusive right to use the Adjacent Areas (other than the Vehicular Way) for parking of motor vehicles and to prohibit from time to time parking of motor vehicles on any or all portions of the Adjacent Areas except with the prior permission of Tenant in each instance. to the end that all parking within the Adjacent Areas shall be available for Tenant's use in connection with the Building, provided that no fee shall be charged for parking in the Adjacent Areas; the right (subject to Landlord's approval pursuant to Articles 7 and 8 of this Lease) to install, maintain, and repair signage, paving, landscaping, and other improvements from time to time in the Adjacent Areas; the right (subject to Landlord's approval under Section 5.2 of this Lease) to install. maintain. repair and operate information booths and retail carts. booths. and kiosks in the Adjacent Areas from time to time: and the right to use the Adjacent Areas (other than the Vehicular Way) for construction and construction staging from time to time in connection with work on the Building or in the Adjacent Areas. Tenant's rights in the Transformer/Loading Area and Main Entrance Area shall include. without limitation. the same rights as granted above with respect to the Adjacent Areas as well as the right to use the Main Entrance Area for pedestrian and vehicular access and egress to and from the Building and (subject to Landlord's approval pursuant to Articles 7 and 8 of this Lease) to install, maintain, repair, use and replace from time to time canopies, signs and other entrance area improvements; and the right to use the Transformer/Loading Area for installation, maintenance, repair and operation of electric transformers and for loading and unloading of trucks, vans and other vehicles in connection with the operation of the Building and the right to vehicular access and egress to and from the Transformer/Loading Area and India Street across the Adjacent Area located between India Street and the Transformer/Loading Area.

It is intended and agreed that the Appurtenant Rights described in this Section 1.2 shall run with Tenant's interest in the Leased Premises and shall be, in any event, and without regard to technical classification or designation, legal or otherwise. and, except only as otherwise specifically provided in this Lease, to the fullest extent permitted by law and equity, binding for the benefit of Tenant and enforceable by Tenant against Landlord and every successor in interest to or of Landlord's estate in the Leased Premises or any part thereof or any interest therein.

1.2.1 Observation Deck. Tenant's redevelopment of the Building shall include an observation deck on the twenty-fifth floor of the Building, and Tenant agrees with Landlord to make the observation deck available for public use in accordance with the terms of this Section 1.2.1. After the initial redevelopment of the Property is completed, Tenant shall make the observation deck available for the use of guided tour groups, by prior reservation with Tenant, during the hours of 11:00 a.m. through 4:00 p.m. six days per week designated by the Tenant from time to time. In addition, on an as-needed basis (but no more than hourly) during each such day from April 1 to November 1 Tenant shall make the observation deck available for visitors who make reservations on a same day or walk-in basis. Landlord shall provide escorts for such visitors during the first three (3) years after the issuance of a Certificate of Completion under Section 7.9 of this Lease, and thereafter Landlord and Tenant shall jointly arrange for a third-party (such as the National Park Service or Boston Parks Department) to provide escorts for such visitors. It is understood and agreed that the Building is intended to be primarily a first-class vacation timeshare resort and that use of the observation deck must be supervised and orderly. Tenant shall have the right to establish reasonable rules, regulations and requirements on the use of the observation deck including without limitation, limits on the size, nature and number of groups, duration of visits, group gathering and waiting areas, safety regulations and the like. This Section 1.2.1 is an agreement between Tenant and Landlord only, shall not confer any rights on the public or any other third parties, and public use of the observation deck may be modified or terminated by agreement of Landlord and Tenant.

1.3 Improvements. The term "Improvements" shall mean all improvements, structures, buildings, fixtures, landscaping, paving, pipes and conduits, roads, walkways, fixtures and, to the extent of Landlord's interest therein, fencing and utility lines, existing on, under or above the Leased Premises and Adjacent Areas at the Lease Commencement Date, and all alterations and additions thereto and replacements thereof, and any other buildings, structures or improvements hereafter erected on the Leased Premises and Adjacent Areas.

1.4 Building Service Equipment. The term "Building Service Equipment" shall mean all apparatus, machinery, devices, fixtures, appurtenances, equipment and personal property necessary for the proper maintenance, protection, conservation and operation of the Improvements other than furniture, fixtures, furnishings, equipment, operating supplies and inventories used in connection with any time share vacation resort or the like operated at the Leased Premises, or any other trade fixtures, machinery and equipment, and in particular shall include, without limiting the generality of the foregoing, the following, if any: awnings; asphalt; partitions, doors and hardware; elevators, escalators and hoists; heating, plumbing and ventilating apparatus; gas, electric and steam fixtures; chutes, ducts and tanks; oil burners, furnaces, heaters, incinerators and boilers; air cooling and air conditioning equipment; washroom, toilet and lavatory fixtures and equipment; engines, pumps, dynamos, motors, generators, transformers, electrical wiring and equipment; window washing hoists and equipment; garage equipment and gardening and landscaping equipment; and all additions thereto and replacements thereof, but excluding from Building Service Equipment (i) any property which is owned by any occupant or the operator of any time share vacation resort or the like and used by them in connection with the operation of its (or their respective) space and not in connection with the operation of the Improvements as real property, (ii) any leased Building Service Equipment, (iii) any property used in conjunction with other improvements, and (iv) furniture, furnishings, fixtures, equipment, operating supplies and inventories used in connection with any time share vacation resort or other uses operated at the Leased Premises or on the Adjacent Areas.

1.5 Property. The Term "Property" shall mean the Leased Premises, the Appurtenant Rights, the Building, the Improvements and the Building Service Equipment.

ARTICLE 2

TERM

2.1 Term. The Term of this Lease is for sixty-two (62) years commencing on _________ (the "Lease Commencement Date"), and ending at midnight on December 31, 2057 (the "Lease Expiration Date"). Notwithstanding any provision of this Lease to the contrary, the Term of this Lease cannot be terminated prior to the Lease Expiration Date except by an express written agreement of the Parties or at Tenant's election as set forth in Article 11 on account of damage or destruction which Tenant elects not to repair or to the extent provided in Article 12 on account of an eminent domain taking. At Tenant's request, Landlord agrees to amend this Lease to extend the term of the Lease, for no additional consideration, if necessary to provide a minimum sixty (60) year Term after the initial redevelopment of the Property is completed, but in any event the Lease Expiration Date shall not be later than sixty (60) years after the outside date for Landlord to complete construction of the Improvements under Section 7.2(b) of this Lease.

ARTICLE 3

RENT

3.1 Rent. Tenant covenants and agrees to pay to Landlord, on or before the Lease Commencement Date, without demand, abatement, deduction or offset, as rent, in lawful money of the United States. rent as follows (collectively "Rent"):

(1) a current payment, by certified check or wire transfer, in the amount of Six Million Eighty-One Thousand Five Hundred Eighty-Nine Dollars ($6,081,589.00) to the U.S. General Services Administration ("GSA") on behalf of Landlord in full and complete satisfaction of the existing mortgage loan from the GSA to Landlord,

(2) a current payment. by certified check or wire transfer. in the amount of One Hundred Seventy-One Thousand Five Hundred Forty-Six Dollars ($171,546.00) to Landlord. and

(3) a promissory note in the form of Exhibit C attached hereto (the "Promissory Note") from Tenant to Landlord in the amount of One Million Five Hundred Eighty Thousand Dollars ($1.580.000.00). and which also provides for certain contingent payments as set forth therein.

Landlord acknowledges and agrees that. upon payment of the amounts set forth in (1) and (2) above. and delivery of the Promissory Note to Landlord. all amounts of Rent which are or may become due under the Lease have been paid in full. The Tenant originally named herein shall be and remain unconditionally liable for all amounts to become due under the Promissory Note and shall remain so liable for such amounts in the event of a transfer of Tenant's interest in the Lease. and in the event of such a transfer Landlord agrees to look only to the Tenant originally named herein (and not any successor to Tenant's interest) for such amounts.

3.2 Net Rent. It is the intention of the parties hereto that the rent provided for in this Article shall be absolutely net to Landlord throughout the term of this Lease except as provided otherwise herein. Except for any breaches by Landlord hereunder or any other act or neglect of Landlord, in order that such rent shall be absolutely net to Landlord, Tenant shall pay, and save Landlord harmless from and against, all Impositions, insurance premiums. carrying charges. costs, expenses and obligations of every kind and nature whatsoever relating to the ownership, leasing or operation of the Property which may arise, accrue or become due during the term of this Lease.

ARTICLE 4

IMPOSITIONS, TAXES AND OTHER CHARGES

4.1 Impositions. Commencing on the Lease Commencement Date and continuing for the entire term of this Lease, as part of the consideration of this Lease and as additional rent hereunder, Tenant agrees to pay and discharge, or cause to be paid and discharged, promptly as the same become due and payable, all charges, license fees, municipal liens, excise taxes (to the extent the Property is not exempt therefrom) or other imposts, other than real estate taxes (for which a payment in lieu of tax shall be made pursuant to Section 4.10), whether general or special, ordinary or extraordinary, imposed by any governmental authority as a result of or with respect to the ownership or use of the Leased Premises or the Building, Improvements or the Building Service Equipment located thereon which are levied, assessed, charged or imposed, or become a lien or charge upon the Property, or any part thereof or upon the Landlord solely by reason of its ownership of the Leased Premises ("Impositions"). Notwithstanding anything herein to the contrary, nothing contained in this Lease shall be construed as imposing upon Tenant any obligation to pay any income, estate, inheritance, succession, capital levy, transfer or other tax, levy or charge now or hereafter imposed on the Landlord and growing out of or levied in connection with the Landlord's ownership of or right in the Property or any real estate or other capital levy or other tax or charge upon this Lease, the Property or Tenant's leasehold hereby created.

4.2 Payment of Impositions. Any Impositions required to be paid by Tenant which shall relate to the Lease Year during which the Term of this Lease shall commence or terminate shall be prorated between Landlord and Tenant as of the date of such commencement or termination. Tenant shall pay all Impositions during the Term of this Lease. If the law expressly permits the payment of such Impositions in installments, Tenant may utilize the permitted installment method, but shall pay each installment thereon before delinquency. If Tenant shall have permitted or elected to have such Impositions made payable in installments over a period of time which extends beyond the date this Lease expires or otherwise terminates, the entire unpaid balance of such Impositions against the Property during the Term hereof and applicable to the period of the leasehold estate created hereby prior to expiration or earlier termination, shall be paid by Tenant prior to or upon the expiration of the Term hereof or upon any earlier termination of this Lease by depositing such unpaid balance in cash with Landlord.

4.3 Receipt for Payment of Impositions. Tenant shall within ten (10) business days of payment and in any event on Landlord's request, deliver to Landlord copies or duplicate receipts (or, if the same are not available, other materials acceptable to Landlord) showing timely payment of all Impositions paid by Tenant as required by this Lease.

4.4 Timely Payments. Tenant shall make all payments of all Impositions directly to the charging authority before delinquency and before any fine, interest or penalty shall become due or be imposed by operation of law for their nonpayment. In the event Tenant fails to take timely payment. Tenant shall be liable for all fines, interest and penalties imposed, and related costs.

4.5 [Intentionally Omitted]

4.6 Tenant's Right to Contest Imposition. Subject to the following provisions hereof Tenant shall have the right to contest or review by appropriate legal or administrative proceedings, any Imposition or other charge or levy which the Tenant is required to pay pursuant to the provisions of this Article.

Whenever the Tenant desires to contest the amount or validity of any Imposition, it shall first give written notice to the Landlord of its intention to do so, and, if in Landlord's reasonable judgment non-payment of the Imposition will give rise to any charge upon the Property or Landlord, then at the option of the Landlord, the Tenant shall, from time to time during the pendency of such proceedings, deposit with the Depository (as defined in Article 31) in an interest bearing account, as security for the payment of such Imposition, money in the amount owed to pay said Imposition, together with all interest and penalties in connection therewith and all other charges, if any, that may be assessed against or become a charge on the Property or any part thereof or Landlord in said proceedings. If the Tenant shall not have theretofore paid, compromised, removed or otherwise discharged the Imposition and the interest and penalties in connection therewith, and any other charges accruing in such proceedings which are a charge on the Property or Landlord, then, upon the termination of such proceedings, so much of the money (together with any interest) shall, at the direction of the Landlord, be applied to the payment, compromise, removal or discharge of said Imposition, if any, then payable, the interest and penalties in connection therewith, and the charges accruing in such proceedings, which are a charge on the Property or Landlord, and the balance, if any, shall be paid or returned to the Tenant, but reserving in the Landlord the right to direct that the money (together with any interest) be paid to it in order to offset against such balance any sums owing but unpaid by Tenant to Landlord under this Lease. If the Tenant shall have theretofore paid or otherwise discharged the Imposition, then any abatement or refund thereof shall belong and be paid to the Tenant.

In the event that the money so deposited shall be insufficient for this purpose, the Tenant shall forthwith pay over to the Depository the amount of money owed, in Landlord's reasonable opinion, together with the money previously deposited pursuant to this Section to pay the same.

Nothing in this Article, except as hereinabove provided, shall be construed as relieving, modifying or extending the Tenant's covenant to pay any such Imposition and all other charges incident thereto at the time and in the manner provided in this Article.

4.7 Landlord's Obligation to Participate. The Landlord shall join in any such proceeding where such joinder shall be necessary in order properly to prosecute such proceeding and the Landlord shall have first been fully indemnified against all liability in connection therewith. Tenant shall provide Landlord with appropriate legal representation. The Landlord shall not be subject to any liability for the payment of any costs or expenses in connection with any proceeding brought by the Tenant, and the Tenant covenants to indemnify and save harmless the Landlord from any such costs or expenses, including reasonable legal fees. The Landlord shall not pay, compromise or settle any such matter except as directed by Tenant.

4.8 Evidence of Non-Payment. A certificate, advice or bill indicating nonpayment of an Imposition, rendered by the appropriate official designated by law to make or issue the same or to receive payment of such Imposition, shall be prima facie evidence that such Imposition is due and unpaid at the time of the making or issuance of such certificate, advice or bill. Similarly, evidence by receipted bill, letter or similar writing by the appropriate official designated by law to receive payment shall conclusively establish same.

4.9 [Intentionally Omitted.]

4.10 Payments In Lieu of Taxes. It is the intent and agreement of the Parties and the City of Boston that the Property and the leasehold hereby created not be subject to real estate taxation during the Term of this Lease and that the exemption provided under M.G.L. c.121B, Section 16 shall apply to the Property and leasehold hereby created during the Term of this Lease, all as provided in this Section. For purposes of making this agreement effective, the City of Boston has joined in and hereby agrees to the provisions of this Section 4.10, the parties intending such agreement to be an agreement in lieu of taxes permitted by Section 16 of Chapter 121B of the General Laws. If for any reason other than a conveyance of the Property pursuant to the Option Agreement described in Section 22.4, including without limitation the invalidity of this Section 4.10 as an agreement under Section 16 of Chapter 121B, or of said Section 16, or any other transfer of Landlord's interest in this Lease by operation of law or otherwise to a party which is not an "operating agency" for purposes of Section 16, real estate taxes are assessed upon the Property or the leasehold hereby created during the Term of this Lease and the same are not paid by Landlord, then without limiting Tenant's other remedies Tenant shall be relieved of all further obligations under this Section 4.10.

Commencing on the "Occupancy Date," Tenant shall pay to the City of Boston a "PILOT Amount" for each Tax Year, as defined in Section 31.1, in equal quarterly installments on August 1, November 1, February 1, and May 1. The PILOT Amount shall be pro-rated for any partial Tax Year in which Tenant's obligation to make payments of PILOT Amounts begins or ends. The "Occupancy Date" shall be the date on which the Improvements are first occupied by time share vacation resort guests or for a comparable use, and construction, installation of furniture, fixtures and equipment, delivery of supplies or inventory, training of personnel, or similar start-up activities preliminary to occupancy by guests or the conduct of business at the Improvements shall not constitute occupancy for business purposes.

The "PILOT Amount" for each Tax Year shall be (i) the "Per Interval Amount" multiplied by (x) the number of separate time share units at the Property having a Certificate of Occupancy during such Tax Year and then multiplied by (y) 51 plus (ii) as set forth below, the Sales Office Amount. The PILOT Amount shall be appropriately adjusted for any Tax Year during which there is a change in the number of time share units having a Certificate of Occupancy. The "Per Interval Amount" shall be Twenty Dollars ($20.00) for the Tax Year July 1, 1996 through June 30, 1997; Forty Dollars ($40.00) for the Tax Year July 1, 1997 through June 30, 1998; Sixty Dollars ($60.00) for the Tax Year July 1, 1998 through June 30, 1999; and thereafter for each subsequent Tax Year an amount equal to the Per Interval Amount for the prior Tax Year multiplied by the Adjustment Factor. The "Sales Office Amount" is on account of the permanent real estate sales office of no more than 2,200 square feet described below, shall be included in the PILOT Amount for each Tax Year during which there is a Certificate of Occupancy for the permanent sales office (appropriately adjusted for any partial Tax Year), and shall be equal to: Eight Thousand Eight Hundred Dollars ($8,800.00) for the Tax Year July 1, 1996 through June 30, 1997; and thereafter for each subsequent Tax Year an amount equal to the Sales Office Amount for the prior Tax Year multiplied by the Adjustment Factor. The Adjustment Factor shall be the percentage increase or decrease in the CPI (defined in Section 31.1) from the last month of the second preceding Tax Year to the last month of the immediately preceding Tax Year, but in no event more than six percent (6%).

The PILOT Amounts set forth above have been agreed upon on the basis that the Property will be used for time share vacation resort and associated purposes (which may include a sundries store of no more than 400 square feet, a health club and other facilities for guest services and amenities, an initial time share sales office of no more than 3,000 square feet, a permanent real estate sales office of no more than 2,200 square feet), and for the Immigrants Museum described in Section 7.6, and will not include any other commercial income producing uses. During the marketing period for time share interval sales in the Building, an initial marketing center of not more than 3,000 square feet is intended to be located in the Improvements and, for purposes of calculating the PILOT Amount, the marketing center shall be treated as five (5) separate time share units until the initial marketing center is closed. If the size of the initial marketing center is materially changed, the deemed number of time share units shall be appropriately adjusted. After the initial marketing center is closed, the area used for the initial marketing center shall be excluded from the PILOT Amount calculation (with an appropriate adjustment for the then current Tax Year) and shall be again included in the calculation of the PILOT Amount when a Certificate of Occupancy is obtained for a different use of the space. The PILOT Amounts shall be reasonably adjusted if and to the extent that a different commercial income producing use (other than the time share vacation resort and associated uses set forth above) is located at the Property which has a different value for real estate taxation purposes than the contemplated uses. The PILOT Amount shall also be reasonably adjusted if the Property is damaged by casualty or taken by eminent domain.

For example, if the Occupancy Date is January 1, 1997 and Certificates of Occupancy have then been issued for seventy-five (75) separate time share units and a marketing center of not more than 3.000 square feet (which is deemed to be five (5) time share units as set forth above), then. excluding the Sales Office Amount. payments will be due under this Section 4.10 on February 1, 1997 and May 1, 1997 in the amount of $20.400.00 each. calculated as follows. The PILOT Amount for the full Tax Year from July 1, 1996 to June 30, 1997 is the Per Interval Amount of $20.00 multiplied by eighty (80) time share units (or deemed units) multiplied by 51. or a total of $81.600. The PILOT Amount for the partial Tax Year commencing on January 1. 1997 is $40.800. which is made in two equal installments on February 1. 1997 and May 1. 1997. The PILOT Amount for the full Tax Year commencing July 1. 1997 would be $163.200 (Per Interval Amount of $40.00 multiplied by 80 units. multiplied by 51), and the quarterly payments would be $40.800. This example does not include the Sales Office Amount.

ARTICLE 5

POSSESSION, USE, COMPLIANCE WITH LAWS, MAINTENANCE AND REPAIRS

5.1 Delivery of Property. Possession of the Leased Premises and Adjacent Areas shall be delivered by Landlord to Tenant upon the Lease Commencement Date free and clear of all tenants and occupants. and also free of all liens and encumbrances. all except for those matters disclosed in the Permitted Exceptions set forth in Exhibit "B." The Leased Premises and Adjacent Areas are to be delivered in their present condition. "as is", it being agreed that the Tenant has had an opportunity to examine the same in all respects (including building structures, cladding and systems. and subsurface conditions and utilities), that the Landlord has made no representations or warranties of any kind with respect to such condition. and that the Landlord shall have no obligation to do any work on or with respect to the Leased Premises, or the condition thereof (except as set forth below or otherwise as may have been separately agreed to in writing between Landlord and Tenant). Landlord has agreed. at Tenant's expense. to remove all asbestos-containing materials from the Improvements which are designated by Tenant for removal. Tenant may engage a reputable asbestos removal contractor to remove the designated materials in Landlord's name and on Landlord's behalf. provided that Tenant pays all of the asbestos removal costs.

5.2 Use of Property. The Property shall be used and devoted to any lawful uses (which the Parties agree initially includes time share vacation resort (including sales offices). and hotel, retail. residential. observation deck, restaurant (including the sale of all alcoholic beverages), museum, and parking loading and other accessory uses if conducted in accordance with governmental requirements applicable to such uses from time to time). While the Parties intend that the Adjacent Areas shall be used for retail carts, booths, and kiosks consistent with a high quality time share vacation resort property, each commercial use to be located on the Adjacent Areas shall be subject to Landlord's prior approval (which shall not be unreasonably withheld, conditioned or delayed).

5.3 Maintenance and Repairs. The Tenant agrees throughout the Term of this Lease, at the Tenant's sole cost and expense except as provided in Section 7.5, properly to maintain, or cause to be maintained, the Property and each and every part thereof in reasonable and good order and condition in all respects, subject to reasonable wear and tear and damage by fire or other casualty, free of accumulation of dirt, rubbish, snow and ice, and to make all necessary repairs, interior and exterior, structural and non-structural, ordinary as well as extraordinary, foreseen as well as unforeseen, in order to maintain the Property in the condition required hereby. When used in this Article, the term "repair" shall include replacements or renewals when necessary, and all such repairs made by the Tenant shall be at least equal in quality and class to the original work and shall be subject to the requirements of Article 8 if the repair shall materially alter the appearance of any public areas of the Improvements (as defined in Section 7.2(d)).

5.4 Compliance with Laws. The Tenant agrees throughout the Term of this Lease, at the Tenant's sole cost and expense, promptly to comply with, and cause the Property to be maintained in conformity with, and not in violation of, all laws and ordinances of general applicability (including without limitation, the provisions of the Plan as the Plan exists on the date hereof or, if Tenant in its sole discretion so elects, any amendments thereto) and the lawful orders, rules and regulations of general applicability of the federal, state and city governments and appropriate departments, commissions, boards, bureaus, agencies and offices thereof, and the lawful orders, rules and regulations of general applicability of the water, sewer, electrical or other inspection departments with jurisdiction in the City of Boston, whether such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not the same require structural repairs or alterations. The Tenant will, likewise, observe and comply with the requirements of all policies of public liability, fire and all other policies of insurance at any time in force with reference to the Property (or Improvements thereon). The Landlord agrees that operation of the Property for time share vacation resort, residential condominiums, offices, hotel, retail, restaurant, museum, and parking and loading and other accessory uses complies with the Plan.

The Tenant shall not, however, be in violation of the foregoing requirements when, in good faith, it contests, by appropriate proceedings, the validity or applicability of any law, ordinance, order, rule, regulation or requirement of any governmental agency and, unless criminal liability against the Landlord will, in the reasonable opinion of counsel to Landlord, result therefrom, the Tenant may delay compliance therewith until the final determination of such proceeding, provided, in the case of any contest and delay in compliance:

(a) the Tenant shall notify the Landlord forthwith, upon notice or actual knowledge of any violation or alleged violation of any such law, ordinance, order, rule, regulation or requirement, of its intention to contest the same; and, thereafter, shall, from time to time, on the request of the Landlord, advise the Landlord of the status of any such proceedings;

(b) the Tenant shall indemnify, save harmless and defend the Landlord (with counsel of Tenant's selection, but subject to approval by Landlord, which approval shall not be unreasonably withheld or delayed), from any loss, cost, liability or expense which is incurred by the Landlord by reason of such noncompliance or delay;

(c) the Tenant shall prosecute such contest of validity or applicability to conclusion with all due diligence; and

(d) if failure to comply will result in any charge or liability against the Property or Landlord, the Tenant shall pay over to the Depository, on the request of the Landlord, security for the faithful performance and observance of its obligation to comply with any such law, ordinance, order, rule, regulation or requirement, and for the payment of any penalties which may accrue by reason of non-performance or delay in compliance therewith, if it should be finally determined that the same is valid and applicable.

The provisions of Section 4.6 hereof (relative to the contest of Impositions) shall be applicable, mutatis mutandis, to the time, amounts and kind of security which the Landlord may require under this Section, and the holding and disposition of the same, to the end that, for this purpose, the cost and expense of possible compliance with governmental requirements aforesaid shall be treated as an Imposition.

5.5 Indemnification. So long as Landlord gives Tenant prompt written notice of any claim and cooperates reasonably in the defense (including without limitation compromise or settlement) thereof, Tenant agrees to indemnify, defend (with counsel of the Tenant's selection, but subject to approval by Landlord, which approval shall not unreasonably be withheld or delayed), and save harmless the Landlord against and from any and all claims by or on behalf of any person, firm or corporation, arising during the Term of this Lease or any period in which Tenant shall occupy or operate any part or all of the Property from the conduct or management of, or from any work or thing whatsoever done in or about, the Property, and will further indemnify, defend (with counsel of the Tenant's selection, but subject to approval by Landlord, which approval shall not unreasonably be withheld or delayed) and save harmless the Landlord against and from any and all claims arising during (even though asserted after) the Term of this Lease from any condition of the Property, or arising from any negligent act or omission of the Tenant or any of its agents, contractors, servants, employees or licensees, or anyone claiming by, through or under the Tenant, or arising from any accident, injury or damage whatsoever caused to any person, firm or corporation occurring during the Term of this Lease, in or about the Property. Notwithstanding the foregoing, nothing herein shall obligate the Tenant to indemnify, defend or save harmless the Landlord from any claims to the extent arising out of the negligence or default of Landlord, its agents, contractors, servants or employees; and with respect to claims arising due to any negligent act or omission by Landlord or any of its agents, contractors, servants, employees or licensees, or anyone claiming by, through or under the Landlord, the Landlord will similarly indemnify, defend (with counsel of Landlord's selection, but subject to approval by Tenant, which approval shall not be unreasonably withheld or delayed) and save harmless Tenant (and its beneficial owners, agents, contractors, employees and licensees and those claiming interests in the Property by, through or under Tenant).

Neither indemnifying party shall have any liability under this Section for any matter for which there is available collectible insurance and for which counsel for the carrier of such insurance assumes the defense.

5.6 Payment of Costs of Enforcing Lease. Tenant and Landlord respectively agree to pay and be liable for the payment of all costs and charges, including the reasonable fees of counsel engaged by the other and the amounts of all judgments and decrees in any action or proceeding incurred in exercising rights of Landlord and Tenant respectively under this Lease on account of any default or breach of condition by the other, notice of which has been given and the applicable cure period has expired, including, without limitation, such costs and expenses incurred in enforcing the Landlord's right to possession of the Property after the termination of the Term of this Lease, all to the extent the respective Party prevails in such actions or proceedings.

5.7 Sidewalks. For the purposes of this Article, the 10 foot wide sidewalks along the outside edges of the Adjacent Areas abutting State Street, India Street and Central Street, as shown on the plans referred to in Exhibit A shall, throughout the Term of this Lease, be kept by Tenant reasonably free of accumulation of dirt, rubbish, snow and ice. The Landlord and Tenant agree that no commercial activities by either of them shall be conducted upon the sidewalk areas referred to in the preceding sentence without their mutual written consent. Landlord hereby agrees that Tenant shall have the right (subject to Landlord's approval as set forth in Section 5.2) to make commercial use of other portions of the Adjacent Areas.

To the extent, but only to that extent, that legal liability for maintenance thereof is imposed upon any private owner of property in the jurisdiction in which the Leased Premises lies, the Tenant shall perform the obligations on the part of any such owner required to be performed under applicable law with respect to public ways adjoining the Leased Premises, for which, under applicable law, a private owner of property abutting such ways is responsible.

ARTICLE 6

CESSATION OF USE; NO ABATEMENT OF RENT

6.1 Payment of Rent; No Abatement Due to Cessation of Use. Except upon the occurrence of a default by Landlord or as otherwise specifically provided in this Lease, this Lease shall not be terminated, the respective obligations of the Parties shall not be affected and no abatement, refund, offset, diminution or reduction of Rent or other amounts due as additional payments shall be claimed by or allowed to Tenant or any person claiming by, through or under Tenant, for inconvenience, discomfort, interruption, cessation or loss of business, or otherwise by virtue or because of any present or future governmental laws or ordinances or lawful regulations, direction or action of general application; provided, however, other than as set forth in this Section 6.1, this Lease and the obligations of the Parties shall be subject to Force Majeure.

ARTICLE 7

DESIGN REVIEW: CONSTRUCTION OF IMPROVEMENTS: CERTIFICATE OF COMPLETION

7.1 (a) Review of Design Materials. As a condition to the parties' execution of this Lease, Landlord has approved drawings and specifications for redevelopment of the Leased Premises and construction of the public areas of the Improvements with respect thereto. If the drawings and specifications approved by Landlord as of the Lease Commencement Date are noted in such approval as not being final working drawings and specifications, then the final working drawings and specifications shall be subject to review and approval by Landlord in accordance with the Development Review Procedures of Exhibit E, and Tenant shall have the right to perform "fast-track" construction as set forth in Section 8.2 prior to Landlord's approval of final working drawings and specifications. The final working drawings and specifications approved by Landlord, including any approved "fast track" construction reflected in plans approved by Landlord, are referred to herein as the "Contract Documents." Unless Tenant has obtained a building permit prior to the date of this Lease, Tenant shall not apply for a building permit with respect to all or part of such Improvements without the prior approval by Landlord that the work to be done pursuant to such permit is in substantive accordance with the Contract Documents, which approval shall not be unreasonably withheld or delayed. (If Tenant has so obtained such building permit, then Landlord's consent shall be deemed to have been granted.)

(b) Redesign of Improvements. The Landlord acknowledges that the construction of the Improvements may require (if not already issued) the issuance to the Tenant of federal, state and municipal permits and approvals, some of which may depend upon examination of various elements of the Leased Premises and Adjacent Areas, including without limitation, approval by the Massachusetts Historical Commission, the Boston Landmarks Commission, the Advisory Council on Historic Preservation, and if an application is made for federal income tax credits, the U.S. Secretary of the Interior. If the Tenant is unable to obtain all such necessary permits and approvals for construction of such Improvements, the Tenant shall redesign the Improvements to conform to any limitations or conditions imposed in any such permit or approval, and the Landlord shall recognize any such limitation or condition in its response to submissions of Contract Documents by the Tenant hereunder. In the event any such resubmission is required, the times for performance of the Tenant's obligations pursuant to this Agreement shall be extended for the periods of time required for the preparation of such resubmission.

(c) Minor Modification to Plan. If the approved Contract Documents shall be at variance with any development or dimensional controls of the Plan applicable to the Leased Premises, the Landlord shall adopt such minor modifications to such Plan as may be, in the opinion of the Landlord or Tenant, necessary to construct the Improvements in accordance with the approved Contract Documents or to use the Improvements for any of the purposes permitted by this Lease.

7.2 Tenant's Construction Obligations. With respect to construction of the Improvements:

(a) Construction Commencement Date. The Tenant shall seek in good faith to begin the construction of the Improvements in accordance with the approved Contract Documents to the extent the same govern portions of the Improvements as soon after the Lease Commencement Date as is reasonably practicable.

(b) Improvements. Subject to the other provisions of this Lease, the Tenant shall seek in good faith to diligently prosecute to completion the construction of the Improvements and shall substantially complete such construction not later than sixty (60) months from the Lease Commencement Date, provided that such period shall be extended for Force Majeure as provided in Section 7.8 hereof and for such additional time as may be approved by Landlord, which approval shall not be unreasonably withheld. Tenant shall have no liability for, nor shall this Lease be affected by, any delay in completing such construction, and Landlord's sole and exclusive remedy for any breach of Tenant's completion obligation shall be to require Tenant to transfer Tenant's interest in the Lease (or in the Leasehold Condominium if created by Tenant) on commercially reasonable terms to a substitute redeveloper reasonably acceptable to Landlord, such transfer to be subject to any Leasehold Condominium which may have been created by Tenant and the interests in such Leasehold Condominium as may have been transferred by Tenant to third parties.

(c) Estimated Progress Schedule. Tenant has submitted to Landlord and Landlord has approved a detailed estimated progress schedule. Upon Landlord's request from time to time, this schedule shall be resubmitted not more often than quarterly until the construction of the Improvements has been completed, with actual progress shown in each submission. Each submission shall be accompanied by a written report by Tenant citing any adjustments to the progress forecast, analyzing the causes thereof, and, where applicable, noting corrective efforts. Such work of Tenant shall be subject to inspection by representatives of Landlord in accordance with (e) below, and Landlord shall endeavor to notify Tenant promptly of any respects in which Landlord observes that Tenant is not proceeding with construction of the Improvements as required by this Lease and shall promptly furnish to Tenant copies of all reports prepared by representatives of Landlord in connection with such inspections. Upon receipt of such notification, Tenant shall promptly undertake and proceed diligently to cure any such defects to the reasonable satisfaction of Landlord. Landlord's inspections or actions or failure to act hereunder shall not render Landlord liable to Tenant or any other party for failure of the Improvements to be constructed as required by the terms of the Lease.

(d) Change Order; Public Areas Definition. No change order or modification (referred hereinafter as "Change Orders") to the Contract Documents for an addition to or extension of the public areas of the Improvements as shown on the Contract Documents which would affect in any material way the external appearance of public lobbies, arcades, open spaces or landscaping, or the external appearance of any building including roof and penthouse (the foregoing being the "public areas of the Improvements" as used in this Lease) shall be issued or implemented unless such Change Order shall have been submitted to and approved in writing by Landlord prior to its issuance and implementation (such approval not to be unreasonably withheld or delayed). (Change Orders to other portions of the Improvements, such as guest rooms, and installations of furnishings, fixtures and equipment in public areas, even if visible from the exterior, are not subject to approval hereunder.) If Landlord shall neither approve nor disapprove in writing within ten (10) business days of receipt by it of a notice containing such Change Order, then it shall be treated as having been approved. In the event Tenant shall fail to comply with the foregoing requirements, Landlord may, within a reasonable time after discovery thereof by Landlord, direct in writing that Tenant modify or reconstruct such portion or portions of the Improvements erected or being erected as are not in conformance with the approved Contract Documents or any approved modifications thereof or Change Order therefor, so as to bring them into conformance therewith. Tenant shall promptly comply with such a directive. In addition to any other remedies available under this Lease, Landlord may enforce the provisions of this subsection (d) by an action in a court of appropriate jurisdiction to compel specific performance.

(e) Landlord's Right to Inspect. Upon reasonable notice to the Tenant, the Landlord shall have the right to inspect the Improvements during construction and throughout the entire Term of the Lease to assure construction and maintenance of the public areas of the Improvements in accordance with the Contract Documents (or contract documents for Altered Improvements, as provided for in Section 8.1). The right to inspect such Improvements during the construction period shall also be available to the authorized representatives of the Massachusetts Historical Commission and the Boston Landmarks Commission, upon reasonable notice to the Tenant. The Landlord may, upon request, attend job meetings during discussions of design matters related to the public areas of the Improvements.

7.3 Architect/General Contractor. With respect to initial construction of the Improvements, Tenant shall, upon request by Landlord, provide Landlord with a copy of any contract for architectural services between Tenant's architect and the Tenant or any construction contract between the Tenant and Tenant's general contractor for the sole purpose of allowing Landlord to determine that their provisions conform to the provisions hereof including Article 32.

7.4 Signs. Except as approved in the Contract Documents, no sign shall be erected or placed on the exterior of any Improvements on the Leased Premises, or which is visible to the public from outside a building, unless the character, location, design, size, shape, form and lighting of such sign shall have been approved by Landlord in writing, such approval not to be unreasonably withheld or delayed. (Landlord acknowledges that any signs shown in the Contract Documents shall be deemed approved by Landlord.) Without limiting in any way the scope of Landlord's review, no sign is required to be approved which falls within the following categories: Externally mounted flashing signs, internally illuminated signs (other than internally illuminated signs located at ground level and approved by the Boston Landmarks Commission), exposed neon signs or signs relating to businesses other than those, if any, on the Leased Premises and Adjacent Areas. All allowed signs shall conform to then applicable laws and regulations, including the Boston Sign Code, the Plan and zoning requirements. Nothing herein shall prevent the erection of temporary construction/project signs of a type and size generally consistent with other major construction projects in the general area of the Leased Premises.

7.5 Public Improvements by City of Boston. The City of Boston joins in this Lease to agree that it shall perform work in and to the streets, sidewalks, plazas, and other public areas within the Leased Premises and Adjacent Areas as described in Exhibit D (the "Public Improvements Work"). The Public Improvements Work includes the construction of a canopy for the McKinley Square entrance to the Building, and the Parties intend that the Public Improvements Work shall be consistent with the quality of work being performed by Tenant for the redevelopment of the Property. The City shall have the right, with the approval of Landlord and Tenant (such approvals not to be unreasonably withheld) to revise the Public Improvements Work to insure that the Public Improvements Work can be timely completed for a cost not to exceed One Million Six Hundred Eighty-One Thousand Dollars ($1,681,000.00), including the canopy but excluding design costs. The final working plans and specifications for the Public Improvements Work have not been completed by the City and the City shall complete such plans and specifications and obtain Tenant's approval of the same (which Tenant shall not unreasonably withhold) on or before February 1, 1996. The Public Improvements Work shall be performed in a first-class manner in accordance with the final plans, shall be performed without causing interference or delay to the work being performed by Tenant at the Improvements. shall be commenced on or before September 1. 1996 (or such later date as Tenant, acting reasonably, agrees will accommodate its construction schedule), shall be diligently prosecuted. and shall be completed on or before January 1. 1997 or such later date as Tenant shall obtain a Certificate of Occupancy for the first and second floors and at least four (4) other floors of the Leased Premises (or would have been able to obtain such a Certificate of Occupancy if the Public Improvements Work had been complete). While Tenant shall be obligated under Section 5.3 and the Custom House Public Areas Agreement attached as Exhibit I to maintain and repair the portions of the Public Improvements Work located within the Leased Premises and Adjacent Areas after completion, the City shall promptly reimburse Tenant for any maintenance or repair costs if it is determined that such costs result from defects in design or construction of the Public Improvements Work.

Landlord shall cause the City to timely commence. diligently prosecute and timely complete the Public Improvements Work as aforesaid. and if the Public Improvements Work is not so timely commenced. diligently prosecuted or timely completed then the Landlord shall pay to Tenant. as liquidated damages. Five Thousand Dollars ($5.000.00) for each day (i) after the date the Public Improvements Work is required to be commenced or completed until the date the Public Improvements Work is actually commenced. or completed. as the case may be. and (ii) if the Public Improvements Work is not being diligently prosecuted after seven (7) days' notice from Tenant. for each day until the Public Improvements Work is diligently resumed. in all cases up to a maximum amount of Four Hundred Thousand Dollars ($400.000.00). If such payment is not made within ten (10) days after demand. the unpaid amounts shall bear interest at the rate set forth in Section 34.9 and at Tenant's election the unpaid amount. together with interest. may be set-off against up to Four Hundred Thousand Dollars ($400.000.00) of the amounts next due to Landlord under the Promissory Note. The Parties agree that the timely commencement and completion of the Public Improvements Work is materially important to Tenant's contemplated use of the Property, that Tenant is relying on the timely commencement and completion of the Public Improvements Work. that the amount of damages which Tenant will suffer from a delay in completion are now and at the time will be difficult to ascertain, and that the amount set forth above as liquidated damages is a reasonable estimate of such damages. The Parties further agree that these damages are for delays in construction only (including impairment of Tenant's marketing efforts and costs necessary to provide interim entrance areas for the Property), and that if the Public Improvements Work is not commenced or completed as required. in addition to its right to liquidated damages Tenant shall have the right to construct interim entrance area improvements for the Property. and Tenant may also seek specific performance of the obligations of Landlord and the City with respect to construction of the Public Improvements.

Notwithstanding the foregoing, Landlord will use best efforts to obtain from the City a grant (the "Grant") in the amount of One Million Six Hundred Eighty-One Thousand

Dollars ($1,681,000.00) which may be used by Landlord to reimburse Tenant for the costs of performing the Public Improvements Work with a reputable contractor selected and employed by Tenant. If Landlord is successful in obtaining the Grant, then Landlord and Tenant shall enter into a supplementary agreement to this Lease ("Grant Agreement") providing for Tenant to perform the Public Improvements Work and be reimbursed for the reasonably documented costs of the Public Improvements Work as such costs are incurred. The Grant Agreement shall permit Tenant to revise the plans for the Public Improvements Work with the approval of Landlord and the City (such approvals not to be unreasonably withheld) to insure that the Public Improvements Work can be timely completed for a cost not to exceed the amount of the Grant. In the event Tenant performs the Public Improvements Work under the Grant Agreement, the City and Landlord shall have no obligations with respect to the performance of the Public Improvements Work (except to cooperate with Tenant's construction efforts) or the correction of defects therein.

7.6 Immigrants Museum. Tenant has agreed to make available the portion of the Leased Premises described on Exhibit F attached hereto (the "Museum Space") for use and occupancy as a public museum to be operated with funds provided by certain trusts administered by the City of Boston Collector Treasurer, as Trustee. Simultaneously with execution of this Lease, Tenant is executing a sublease (the "Museum Sublease") pursuant to which the Tenant will make certain improvements to the Museum Space and lease the Museum Space to the Collector Treasurer, as Trustee. In consideration for the Museum Sublease and the work to be performed thereunder, the Collector Treasurer, as Trustee, has made a lump sum rent payment of One Million One Hundred Sixty-One Thousand Five Hundred Forty-Six Dollars ($1,161,546.00) and agreed to make an additional rent payment of One Hundred Eighty Thousand Dollars ($180,000.00) (the "Additional Museum Payment") on the terms set forth in the Museum Sublease. Landlord has agreed that, in the event the Additional Museum Payment is not paid for any reason, including the litigation or appraisal contingencies described in the Museum Sublease, on or before September 29, 1998 (or such later date as a Certificate of Occupancy is issued for the Museum Space), then Tenant shall be entitled to deduct Ninety Thousand Dollars ($90,000.00) from the payment due under the Promissory Note on September 29, 1998 in satisfaction of the obligation to pay one-half of the Additional Museum Payment. Landlord has further agreed that, in the event the Additional Museum Payment is not paid for any reason, including the litigation or appraisal contingencies described in the Museum Sublease, on or before September 29, 1999 (or such later date as a Certificate of Occupancy is issued for the Museum Space), then Tenant shall be entitled to deduct an additional Ninety Thousand Dollars ($90,000.00) from the payment due under the Promissory Note on September 29, 1999 in satisfaction of the obligation to pay the balance of the Additional Museum Payment.

7.7 Construction Safeguard. Tenant shall cause its general contractor to erect and properly maintain at all times as required by the conditions and the progress of work performed by or at the request of Tenant from time to time during the Term of this Lease, all necessary safeguards for the protection of workers and the public.

7.8 Completion of Construction and Force Majeure. Tenant agrees for itself and every successor in interest to the leasehold estate in the Leased Premises, or any part thereof, that Tenant will commence construction of the Improvements, and that it will seek to diligently prosecute and complete the same, in accordance with the times set forth therefore in Sections 7.2(a) and (b) hereof. Tenant's obligations under said Sections, and all other obligations under this Lease, are subject to delays occasioned by acts of God, general unavailability of labor or materials, governmental restrictions, strikes and other labor difficulties or any other causes beyond the reasonable control of the Tenant ("Force Majeure"). Financial inability to proceed shall never be treated as a cause beyond the Tenant's reasonable control.

It is intended and agreed that the agreements and covenants contained in Section 7.2 hereof shall be covenants running with the land and that they shall be, in any event, and without regard to technical classification or designation, legal or otherwise, and, except only as otherwise specifically provided in this Lease, to the fullest extent permitted by law and equity, binding for the benefit of the Landlord and enforceable by Landlord against Tenant and every successor in interest to or of the leasehold estate in the Leased Premises or any part thereof or any interest therein.

Landlord shall cooperate with and assist Tenant in every reasonable way in Tenant's efforts to obtain all governmental consents, approvals, permits or variances which may be required for the construction or operation of the Improvements, but this obligation shall not require the expenditure of any monies by Landlord (including, without limitation, expenditures for permits or approvals of any type).

7.9 Substantial Completion/Certificate of Completion. The Improvements shall be deemed substantially completed for the purposes of this Lease, when built substantially in accordance with provisions of this Lease, the approved Contract Documents to the extent applicable and any permitted modifications thereof, except for (i) items of work and adjustment of equipment and fixtures which can be completed after occupancy has been taken, i.e., so-called punch list items, (ii) landscaping and other similar items which cannot then be completed because of climatic conditions, and (iii) items of interior work normally left for completion or to be completed by agreement pursuant to the requirements of specific occupants, such as the construction of interior partitions and doors, and distribution of electrical outlets and switches, the location of ventilation ducts and returns, the placement of lighting fixtures, and the installation of ceilings. The issuance of a so-called "building shell" certificate of occupancy will be prima facie evidence that the Improvements are substantially complete in the absence of a claim by the Landlord that the Improvements do not conform to the approved Contract Documents and any approved modifications thereof. The construction of the Improvements shall be incontestably deemed substantially completed for the purposes of this Lease upon the issuance of a Certificate of Completion by the Landlord, whereupon all of the provisions of this Lease with respect to the redevelopment of the Leased Premises and Tenant's obligations to construct the Improvements shown on the Contract Documents. shall be deemed satisfied and no longer of force and effect. (After substantial completion of any phase of the Improvements in accordance with the requirements of this Lease and the approved Contract Documents applicable to such phase. the Landlord will furnish the Tenant a separate Certificate of Completion for such phase so certifying.)

All work with respect to the Improvements shall be completed within one (1) year after issuance of the Certificate of Completion, subject to Section 7.8, except for the work described in clause (iii) above which shall be completed within a reasonable time after the occupancy of each portion of such space.

If, at the time the Landlord issues a Certificate of Completion, the work described in clauses (i), (ii) and (iii) above. and any and all other work which in the reasonable opinion of the Landlord should be completed prior to the issuance of a Certificate of Completion is not then complete, then the Tenant shall either deposit with the Depository or in lieu thereof provide reasonable evidence of committed loan funds from the holder of the first Leasehold Mortgage and/or committed equity sufficient in the reasonable opinion of the Landlord to cover the cost of such completion (the Landlord agrees not unreasonably to disagree with the decisions of such Mortgagee on these issues). A guaranty of completion by the Tenant originally named herein. or a similarly creditworthy guarantor. in form reasonably satisfactory to Landlord and in the amount of such cost of completion shall be deemed to satisfy the foregoing requirement. Said deposit. if made with the Depository, shall be in cash, certified check. bond, letter of credit. or by other security reasonably satisfactory to the Landlord. If such work is not so completed. then the Landlord may declare an Event of Default hereunder after notice and expiration of the applicable cure period and apply any deposit to completion of such work and otherwise exercise its remedies under this Lease.

Promptly after substantial completion of the Improvements in accordance with the provisions of this Lease. the Landlord shall furnish the Tenant with the Certificate of Completion so certifying. Such certification by the Landlord shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Lease with respect to the obligations of the Tenant and its successors and assigns to commence and complete the Improvements in accordance with this Lease.

The certification provided for in this Section shall be in such form as will enable recordation in the Registry of Deeds for Suffolk County, Commonwealth of Massachusetts or registration with the Suffolk Registry District of the Land Court.

Tenant agrees that Landlord shall be under no obligation to issue a Certificate of Completion until such time as the Landlord has had a reasonable opportunity to inspect the Improvements constructed pursuant to the provisions of this Lease and Contract Documents (as modified by any Change Order approved by Landlord), provided, however, that the Landlord shall not be required to make an inspection hereunder unless the Tenant has requested by written notice to Landlord that it issue a Certificate of Completion. For purposes of this Section, a reasonable opportunity for inspection shall be fifteen (15) business days from the receipt of Tenant's request for a Certificate of Completion.

If, after inspection of the Improvements, Landlord shall refuse or fail to issue a Certificate of Completion in accordance with the provisions of this Section 7.13, Landlord shall, within ten (10) business days after the later to occur of Landlord's inspection or the expiration of fifteen (15) business days from receipt of Tenant's request for a Certificate of Completion, provide Tenant with a written statement, indicating in adequate detail in what respect Tenant has failed to substantially complete the Improvements in accordance with the provisions of this Lease, and what measures or actions will be necessary in the reasonable opinion of Landlord for Tenant to take or perform in order to obtain a Certificate of Completion. If Landlord shall refuse or fail to provide Tenant with such a written statement within twenty (20) business days of a request therefor by Tenant, the Improvements shall be deemed to have been completed in accordance with this Lease and the Certificate of Completion shall be deemed to have been issued (Landlord nonetheless agreeing to execute and deliver a certificate in form suitable for recording reciting that the Certificate of Completion shall have been deemed to have issued).

ARTICLE 8

CHANGES AND ALTERATIONS

8.1 Additions and Changes. After the Improvements required by this Lease to be initially constructed on the Leased Premises, Adjacent Areas, or any portion thereof have been completed, the Tenant shall not, without the prior written approval of Landlord (not to be unreasonably withheld or delayed), reconstruct (except to their prior condition), demolish, subtract from, make any additions to or extensions of, or materially change the materials, design, dimensions or color of any public areas of the Improvements as defined in Section 7.2(d), nor permit the same by any other person (collectively, "Altered Improvements"), except that the restoration of the Improvements (including emergency repairs) after a casualty or eminent domain taking substantially to the condition existing prior to such event, shall not require Landlord's approval. (Even if visible from the exterior, (i) furnishing, fixturing and equipping public areas and (ii) changes in, reconfigurations of, or additions to or deletions from meeting areas, guest rooms, food and beverage serving areas, office areas and retail areas, are not subject to approval hereunder unless such work is subject to approval by the Boston Landmarks Commission under St. 1975, c.772.)

8.2 Required Procedures. In requesting such approval, Tenant shall submit to Landlord for its approval such plans, specifications and other materials for the proposed work requiring such approval as will describe the Altered Improvements in reasonable detail and which otherwise are in accordance with the Development Review Procedures of Exhibit E.

Landlord will act upon such submissions by either approving or disapproving the same (stating in reasonable detail its reasons for disapproval) within twenty (20) days of any submission; and failure to act within such time will be deemed approval. Upon substantial completion of any Altered Improvements Tenant will be entitled to a Certificate of Completion in the same time and manner as is provided in Section 7.9 (including deemed approvals provided for in said Section and in Section 25.1).

As part of its submission, or prior to submission of completed plans and specifications for Altered Improvements, Tenant may submit plans and specifications for purposes of commencing work with respect to certain elements of the Altered Improvements which the Tenant proposes to commence on a "fast-track" basis. The Landlord will promptly review said plans and specifications for "fast-track" construction and may approve commencement of work on specific "fast-track" construction elements. Landlord shall not unreasonably withhold approval of any "fast-track" construction proposed by Tenant. The approval of "fast-track" construction elements shall not waive the Landlord's subsequent rights with respect to review and approval of all design materials.

8.3 Landlord's Remedies. If the Tenant shall fail to comply with the foregoing requirements of this Article 8, the Landlord may, without limiting other remedies available to it under this Lease, direct in writing that the Tenant modify, reconstruct or remove any work done without the prior written approval of the Landlord. The Tenant shall promptly comply with such a directive, and shall not proceed further with any work until such directive is satisfied. Landlord shall apply a reasonableness standard to any such directives.

ARTICLE 9

MECHANICS' AND OTHER LIENS

9.1 Mechanics' and Other Liens. The Tenant agrees that it shall not suffer or permit any mechanics', laborers, materialmen's or other liens to attach against or be filed against Landlord's interest in the Property or any part thereof, by reason of work, labor, services or materials supplied or claimed to have been supplied to or on behalf of the Tenant or to anyone claiming by, through or under the Tenant (Landlord and Tenant hereby expressly agreeing that Landlord shall have no liability whatsoever on account of any such liens, such liability being hereby expressly denied and prohibited). If any mechanics', laborers', materialmen's or other liens shall at any time be filed against Landlord's interest in the Property, or any part thereof, the Tenant shall cause the same to be discharged of record by filing a bond or otherwise within forty-five (45) days after the date of filing the same unless, within such forty-five (45) day period, the Tenant shall furnish the Landlord with satisfactory evidence that (i) Tenant has instituted appropriate legal proceedings to contest any such lien which will prevent the enforcement thereof prior to the final determination of such proceedings and (ii) if enforcement thereof is sought by any lien holder, Tenant has deposited with the Depository, or with the Court in which the lien is being contested, money or other acceptable security in an amount sufficient in Landlord's reasonable opinion from time to time to assure payment of the lien, together with interest, penalties, court costs and attorneys' fees arising in such proceedings, or a surety bond reasonably satisfactory to Landlord, for an amount sufficient to guarantee the payment of such lien, together with interest, penalties, court costs and attorneys' fees. In addition, issuance of a title insurance policy to Landlord deleting any exception for mechanics' or materialmen's liens shall be conclusive evidence of discharge of any such lien.

9.2 Landlord's Right to Cure. The Tenant agrees diligently to prosecute such proceedings to a final determination or conclusion. If the Tenant shall fail to discharge such mechanics', laborers', materialmen's or other liens within such period or, in the event it desires to contest such lien by appropriate legal proceedings, fails to comply with any of the foregoing requirements in connection therewith or fails diligently to prosecute such proceedings to a final determination or conclusion, then, in addition to any other right or remedy by the Landlord, the Landlord may, but shall not be obligated to, declare the same an Event of Default after notice and expiration of the applicable cure period and discharge the same either by requiring the Depository to pay (to the extent of the monies hereby held by it) the amount claimed to be due or by procuring the discharge of such lien by deposit in Court or by giving security or in such manner as is, or may be, prescribed by law. Any amount paid by the Landlord for any of the aforesaid purposes, and all reasonable legal and other expenses of the Landlord incident to obtaining the discharge of such liens, with all necessary disbursements in connection therewith, with interest thereon at the rate hereinafter set forth in Section 34.9 from date of payment, shall be paid by the Tenant to the Landlord on demand, and, if unpaid, may be treated as additional rent due hereunder.

Nothing contained in this Article shall imply any consent or agreement on the part of the Landlord to subject the Landlord's estate to liability under any mechanics', materialmen's or other lien law.

ARTICLE 10

INSURANCE

10.1 Fire and Casualty Insurance. The Tenant shall, at the Tenant's sole cost and expense, keep the Improvements and the Building Service Equipment (but not including movable trade fixtures, machinery and equipment) insured in the name of the Tenant and the Landlord, as their interests appear, and any Leasehold Mortgagee as loss payee, if required by the Leasehold Mortgagee (and if the Leasehold Mortgagee agrees in such Mortgage that the Proceeds thereof shall be applied in accordance with the provisions of this Lease) (collectively, the "Insureds"): (1) against loss or damage by fire and (2) against such other risks as Landlord may reasonably require in written notice to Tenant and as are at the time the insurance is obtained customarily covered on buildings similar in construction, general location, use and occupancy to the Improvements, as and when insurance against such risks is obtainable at standard rates. As set forth in Section 10.9, insurance may be provided by blanket policies. The amount of insurance shall be equal to the replacement cost thereof (which shall mean actual replacement cost without deduction for physical depreciation), excluding excavation costs and costs of foundations, footings and underground installations, to the extent obtainable. Not more frequently than annually, the Landlord shall have the right to notify the Tenant that it elects at Landlord's cost to have the replacement cost redetermined by the insurance company then providing coverage. The redetermination shall be made promptly in such manner as is reasonably acceptable to Landlord, the insurance company, and any Leasehold Mortgagee and each party shall be promptly notified of the results. The insurance policy shall be adjusted according to the redetermination, and Tenant shall pay any increase in the premiums. Nothing herein shall limit Tenant's right to maintain reasonable deductibles as part of such insurance.

10.2 [Intentionally Omitted].

10.3 Other Insurance Requirements. The Tenant shall also maintain, at the Tenant's sole cost and expense, but for the mutual benefit of the Landlord and the Tenant, and in the name of the Landlord (as an additional insured) and the Tenant, and any Leasehold Mortgagee if required by the Leasehold Mortgagee:

(a) comprehensive general public liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Leased Premises, Adjacent Areas or the Improvements or any elevators or escalators therein, and on, in or about the adjoining streets and passageways, such insurance to afford protection with combined single limit coverage of not less than One Million Dollars ($1,000,000). Such limits shall be subject to increases as Landlord may from time to time reasonably require;

(b) steam boiler insurance on all steam boilers, pressure boilers or other apparatus in such amounts as Landlord may from time to time reasonably require;

(c) war damage insurance (whenever such insurance shall be generally available at reasonable rates written by, through or with the aid of any governmental agency or authority and a state of war or public emergency exists) upon the Improvements and the Building Service Equipment to the aforementioned replacement cost thereon or to the maximum amount of coverage which may reasonably be obtained, if less than the replacement cost;

(d) flood insurance in such amount as Landlord may reasonably require, if the Leased Premises shall be situated in an area designated by the United States Government, or any political subdivision thereof, as a "flood hazard area" or by whatever designation the result of which is to require such insurance coverage as a condition to obtaining a mortgage loan from a federally regulated institution; and

(e) such other forms of insurance (including broadened coverage of existing insurance) and in such amounts as Landlord may from time to time reasonably require consistent with the requirements of institutional lenders with respect to like properties in Boston.

10.4 Insurance Settlements. Every insured loss shall be adjusted and settled promptly by the Tenant (and the Leasehold Mortgagees, if the Leasehold Mortgagees are named as insureds on any policy as permitted by this Lease) and the insurer. The discussions and negotiations with the insurer respecting adjustment and settlement shall be conducted by Tenant but any proposed settlement resulting in a payment exceeding the Value Equivalent (defined in Section 13.1) must be finally approved by the Landlord, and the Leasehold Mortgagees if the Leasehold Mortgagees are named as insureds, such approval not to be unreasonably withheld or delayed. All insurance proceeds and all amounts payable as a result of such settlements (collectively, "Proceeds"), less Tenant's costs, fees and expenses incurred in the collection thereof which shall be paid out of such Proceeds, shall be paid to the Depository and applied by it as hereinafter set forth.

10.5 Rental Insurance Proceeds. Proceeds from rental insurance, business interruption insurance, or the like, if any, shall be paid to the Leasehold Mortgagees, if any, and Tenant as their interests shall appear.

10.6 Disbursement of Casualty Insurance Proceeds. Proceeds as described in Section 10.4 attributable to any casualty shall be applied by the Depository to the repair and restoration of Improvements and Building Service Equipment in accordance with the provisions of this Section, Article 11 and Article 13 hereof, or if the Proceeds shall be less than the Value Equivalent described in Section 13.1, such Proceeds may be paid by the Depository to the Tenant (so long as the Depository has not, after such casualty occurred, received written notice that Tenant is in default of its Lease obligations), Tenant agreeing to use the same to accomplish repair or restoration as required by this Lease and to retain the balance, if any, after such repair or restoration as Tenant's absolute and unconditional property subject to the rights of any Leasehold Mortgagee as granted in any Leasehold Mortgage; provided, however, that if this Lease should terminate prior to the time that the Proceeds have been fully disbursed by the Depository, such Proceeds shall upon notice given by Landlord to the Depository be distributed by the Depository in accordance with Section 12.2. Notwithstanding the foregoing, if this Lease should terminate under those circumstances in which a Leasehold Mortgagee has the right to demand and does in fact demand a new lease in accordance with the provisions of Section 23.3(f), then upon the execution of such new lease, such Proceeds, shall be paid to the Depository and shall be disbursed for the purposes of repair and restoration and any excess disposed of in accordance with the provisions of this Section 10.6 as incorporated in the new lease.

10.7 Insurance Policies. All policies of insurance hereinbefore referred to shall be written by companies authorized to do business in The Commonwealth of Massachusetts. To the extent reasonably obtainable, all policies of insurance shall provide that any act or negligence of Tenant shall not prejudice the rights of Landlord as a party insured under said policies, and notwithstanding the fact that the Landlord has agreed that the proceeds of such insurance shall be used in the restoration or rebuilding of Improvements and Building Service Equipment located upon the Leased Premises and Adjacent Areas. Unless Tenant notifies Landlord that only a shorter notice period is reasonably obtainable, all policies of insurance shall contain an agreement by the insurers that such policies shall not be canceled or materially changed without at least twenty (20) days' prior written notice to the Landlord, the Leasehold Mortgagee and such other parties as may be named as insureds thereunder.

The Tenant shall deliver to the Landlord, on or before the commencement of the Term of this Lease, all such policies of insurance (or certificates or certified copies thereof), in the amounts and covering the risks hereinabove provided, endorsed "Premium Paid" by the company or agency issuing the same, and the Tenant shall deliver to the Landlord, not less than twenty (20) days' prior to the expiration of any then current policy, a new policy in replacement thereof, endorsed "Premium Paid" by the company or agency issuing the same. However, if the insurance is carried under a blanket policy, as permitted by Section 10.9 hereof, the Tenant may deliver certifications thereof, specifying the amount of insurance allocated to the Property (to the extent so provided in such policy).

10.8 Insurance During Construction/Worker's Compensation. During the course of any construction of the Improvements or of any construction requiring Landlord's approval under Section 8.1 hereof, Tenant shall carry and pay for, or cause to be carried and paid for appropriate builder's risk insurance.

In addition thereto, at any other time when the Tenant maintains its own employees incident to operations on the Property, the Tenant shall also carry and pay for, or cause to be carried and paid for, workers' compensation insurance in statutory amounts covering all persons (other than employees of the Landlord, if any), with respect to whom death or injury claims could be asserted against the Property or any part thereof, or the interests of the Landlord or the Tenant therein.

The Tenant shall deliver to the Landlord upon request certificates of insurance evidencing all workers' compensation insurance policies and renewals thereof, promptly as and when such policies are issued and renewed. The Tenant's fulfillment of the statutory requirements relating to self-insurance under workers' compensation laws shall, upon proof of such compliance reasonably satisfactory to the Landlord, be treated as compliance with the workers' compensation insurance requirements of this Article.

10.9 Blanket Policies. Any insurance required to be furnished by the Tenant may be effected by a policy or policies of blanket insurance, provided, however, that the amount of the total insurance available or otherwise allocated to the Property, as herein defined, shall be such as to furnish in protection the reasonable equivalent of separate policies in the amounts herein required, and provided further that, in all other respects, any such policy or policies shall comply with the other provisions of this Lease.

10.10 Release and Waiver of Subrogation. The aforesaid minimum limits of insurance policies shall in no event limit the liability of Tenant hereunder. Insofar as and to the extent that the following provision may be effective without invalidating or making it impossible, or materially more costly, to secure insurance coverage obtainable from responsible insurance companies doing business in Massachusetts. Landlord and Tenant mutually agree that, with respect to any loss which is covered by insurance then being carried by them, respectively, the one carrying such insurance and suffering said loss releases the other of and from any and all claims with respect to such loss; and they further mutually agree that their respective insurance companies shall have no right of subrogation against the other on account thereof. Nothing contained in this Section shall be deemed to modify or otherwise affect releases elsewhere herein contained of either Party for claims.

10.11 Modifications as Required by Leasehold Mortgagee and Building Operator. Without limiting the generality of Section 23.7 and upon approval of Landlord not to be unreasonably withheld or delayed, the provisions of this Article 10 and of Articles 11 and 13 shall be modified as reasonably required by any Leasehold Mortgagee or operator of a time share vacation resort at the Building, or the like with such priority of disbursement of proceeds as any Leasehold Mortgagee shall reasonably require.

ARTICLE 11

DAMAGE TO OR DESTRUCTION OF THE PROPERTY

11.1 Damage or Destruction; Survival of Lease. The Landlord and Tenant agree that, in case of damage to or destruction of any part of the Property by casualty or otherwise, or should any part of the Property become untenantable or unusable for any reason, this Lease shall not terminate nor shall the respective rights or obligations of the Landlord and the Tenant be affected in any way, except as specifically provided in this Lease.

Notwithstanding any contrary provision of this Lease, Tenant may elect not to repair any damage or destruction to the Property if reconstruction of the Improvements as previously constructed is not permitted by law or if the Tenant is a Leasehold Condominium and the holders of at least 80% of the interests in the Leasehold Condominium vote not to repair the damage or destruction. In such event Tenant shall so notify Landlord, this Lease shall terminate, and the Proceeds shall be distributed in accordance with the same provisions applicable to the distribution of the Net Award under Section 12.2. except that if the damage or destruction occurs during the last five (5) years of the Term, then all of the Proceeds shall be paid to Landlord.

The terms "damage or destruction", for the purposes of applying this provision of this Lease, shall refer to any condition requiring correction to make the Property, or any part thereof, tenantable or useable for its intended purposes.

11.2 Notification of Landlord and Repair of Damage. The Tenant agrees that, in the event of any damage or destruction for which the estimated cost to repair exceeds the Value Equivalent (as defined in Section 13.1), the Tenant shall promptly notify the Landlord. Subject to Section 11.1 and the requirements of any Leasehold Mortgagee, Tenant, at its sole cost and expense, shall promptly repair, restore and rebuild the Property, or cause the same to be repaired, restored and rebuilt, so that, upon the completion thereof, the Property shall have been restored substantially to the condition required immediately prior to such damage or destruction or to a condition otherwise permitted hereunder, subject always to Force Majeure, obtaining all permits required, if any and the first Leasehold Mortgagee's consenting to the payment of Proceeds in the manner described in Article 13. The provisions and conditions of Article 13 governing procedures applicable to restoration, changes or alterations of Improvements shall be applicable to work required to be done under this Article.

11.3 Proceeds Application to Repair and Restoration. All Proceeds (subject to Section 11.1 and except as otherwise provided in Section 10.5 with respect to rent insurance, business interruption insurance and the like) received on account of the Property shall be held and applied to the payment of the cost of repairing, restoring and rebuilding required by this Article in accordance with the provisions of this Article, Section 10.6 and Article 13 hereof.

ARTICLE 12

CONDEMNATION

12.1 Eminent Domain Right to Participation; Award. With respect to any exercise of the power of eminent domain (hereinafter referred to as a "Proceeding") or any agreement in lieu of condemnation (hereinafter referred to in this Article as an "Agreement") between the Landlord, the Tenant and those authorized or purporting to be authorized to exercise the power of eminent domain, for a conveyance to a condemning authority (such conveyance being hereafter in this Article referred to as "conveyed" or as a "conveyance"), the Tenant and the Leasehold Mortgagees, in cooperation with the Landlord, shall have the right to participate in negotiations, any Proceeding or any Agreement leading to an Award (as hereinafter defined) to protect their respective interests hereunder. Landlord shall not enter into any Agreement without the written approval of Tenant and all Leasehold Mortgagees. The total amount of damages awarded in such Proceeding or the consideration paid or payable pursuant to such Agreement (hereinafter collectively or separately referred to as the "Award"), shall be paid by whomever received to the Depository, which shall apply the same as herein provided. The term "Net Award" shall mean the total Award, less all costs, expenses and attorneys' fees incurred on the collection thereof (which shall be paid to the persons incurring same).

12.2 Termination of Lease. If, during the term of this Lease, the entire Property shall be taken as a result of a Proceeding or an Agreement, this Lease and all right, title and interest of the Tenant hereunder shall terminate and come to an end on the date title shall vest in the condemning authority pursuant to such Proceeding or Agreement, but shall not terminate as to the Award. In that event, Impositions or other charges herein provided to be paid by the Tenant shall be apportioned to the date title shall vest in the condemning authority in such Proceeding or pursuant to such Agreement, and any amounts prepaid by Tenant in excess of its liability based on such apportionment shall be refunded by Landlord to the Tenant. As to any such taking, the Net Award shall be distributed as follows:

(a) Net Award Determination of Values. The following values shall be determined as of the date title is vested in the condemning authority in such Proceeding or pursuant to such Agreement by agreement of the parties or, failing such agreement, by appraisal in the manner set forth in Section 12.2 (c) hereof:

(i) The value of Landlord's Interest in the Property. This shall be the then fair market value of the Property as encumbered by this Lease, taking into account the amounts to be paid and other obligations to be performed respectively by Landlord and Tenant under this Lease, all determined as if no taking had occurred; and

(ii) The value of Tenant's Interest in the Property. This shall be the then fair market value of Tenant's interest in the Property, taking into account the amount of prepaid Rent and the amounts to be paid and other obligations to be performed respectively by Landlord and Tenant under this Lease, all determined as if no taking had occurred.

(b) Application of Net Award. After making the determinations described in subparagraph (a), above, the Net Award shall be paid to Landlord and Tenant in proportion to their respective interests determined in accordance with the ratio of the amounts described in Section 12.2(a)(i) to Section 12.2(a)(ii), except that Tenant's portion of the Net Award shall be paid to the holders of any Leasehold Mortgages up to the outstanding amount secured thereby.

(c) Dispute of value; Power of appraisers. If the Landlord and the Tenant are unable to agree on the values to be determined under Section 12.2(a), the values shall be set by an independent panel of three appraisers, each of whom shall have recognized expertise, be a member of MAI (or successor organization), and have not less than ten (10) years professional experience in the valuation of downtown large scale urban commercial real estate in the City of Boston or other cities of at least the same size, of whom one is to be selected by the Landlord, one is to be selected by the Tenant, and the third is to be selected by mutual agreement of the two first selected. Such appraisal shall be made at the request of either Landlord or Tenant, and shall be carried forward expeditiously once requested. Each Party shall pay its own appraiser's fees and costs and one-half (1/2) of the fees and costs of the third appraiser.

12.3 (a) Partial Taking; Diminished Leased Premises or Adjacent Areas. If, during the term of this Lease, a part of the Property shall be taken or conveyed, and such taking or conveyance diminishes any portion of the Leased Premises or Adjacent Areas (a "Partial Taking"), this Lease shall terminate and come to an end as to the part of the Property which is taken, upon the date title is vested in the condemning authority in such Proceeding or pursuant to such Agreement, but shall not terminate as to the Award for the part of the Property which is taken; and otherwise this Lease shall continue in full force and effect as to the remainder of the Property, subject to the provisions of this Section 12.3 and subject to the portion of the Property being usable for a permitted use materially the same as the use being made prior to such Partial Taking.

If there is a taking of the type provided for in this Section 12.3, then, as to the part of the Property not so taken and subject to the preceding paragraph, the Tenant covenants and agrees, for itself and its successors in interest, that the Tenant shall, at its sole cost and expense (subject to the first Leasehold Mortgagee's consenting to the payment of Proceeds in the manner described in Article 13, to Force Majeure and to obtaining all permits required, if any), promptly restore that portion of the Property not so taken to a complete architectural unit for the use and occupancy of the Tenant (and those claiming under Tenant). As to any such taking, the Net Award shall be distributed as follows:

(i) First to the Tenant, to the extent of and as a first charge against the Net Award, an amount not exceeding the actual costs reasonably incurred by the Tenant to restore the affected portion of the Property as Tenant reasonably determines and to perform the obligations under this Lease imposed upon Tenant as the result of the taking.

(ii) The balance of the Net Award, if any, shall be apportioned between the Landlord and the Tenant in the same manner as the Net Award is apportioned under Subsection 12.2(b)(i) and (ii).

(b) In the event a taking provided for in this Section 12.3 so diminishes or impairs the use of the Improvements that, notwithstanding restoration, the Tenant determines that it would be unable to make economic use of the remainder thereof as contemplated for the purposes permitted by this Lease, the Tenant, at its option exercisable by notice to Landlord given not later than one hundred eighty (180) days after title is vested in the condemning authority in such Proceeding or pursuant to such Agreement, may terminate this Lease as of such date. The Impositions or other charges herein provided to be paid by the Tenant shall be apportioned to said date and any amounts prepaid by Tenant in excess of its liability based on such apportionment shall be refunded by the Landlord to the Tenant. In the event Tenant elects to so terminate this Lease, the Net Award shall be allocated and distributed in the manner provided in Section 12.2, except that the value of Landlord's interest in the Net Award determined under Section 12.2(a)(i) shall be reduced by the value of the portion of the Property not taken.

12.4 Taking of Space Outside Leased Premises or Adjacent Areas. If there shall be a taking or conveyance, as aforesaid, of any vault or other space not included within the Leased Premises or Adjacent Areas as above identified, or a taking or conveyance (including a minor street taking) which shall result in the removal of incidental projecting architectural portions of any Improvements upon any street for which the Tenant is not entitled to compensation as a matter of law, or a taking or conveyance of any portion of the Leased Premises or Adjacent Areas on which Improvements are not constructed including an underground right of way for a subway, conduit or other purpose not necessitating the demolition or alteration of any portion of any of the Improvements or materially impairing access to the Improvements, any such taking or conveyance shall not be treated as a taking of any part of the Leased Premises or the Property for the purposes of this Article. This Lease shall not be affected by any such taking or conveyance of the nature described in this Section.

12.5 Use Award. If the use of the Leased Premises, Adjacent Areas, or the Improvements, or any part thereof, shall be taken by the exercise of the power of eminent domain for a period of time, definite or indefinite, whether or not for the entire unexpired portion of the Term of this Lease or for a period greater than the same, this Lease shall, nevertheless, continue in full force and effect with respect to any portion of the Leased Premises, Adjacent Areas, or Improvements which Tenant retains the right to use, and the Tenant shall have the right (except as hereinafter provided) to receive the entire Award (which Award, in the case provided for by this Section is called the "Use Award") which is allocable to that part of the unexpired portion of the Term of this Lease to which the Use Award relates. Tenant and any Leasehold Mortgagee shall have the right to participate in negotiations and approve any agreement relative to any such taking or the Use Award in order to be certain that their respective interests thereunder are protected, with all cost and expense thereof to be a first charge against the Use Award.

The Use Award shall be paid to or for the account of the Tenant subject to the rights of Leasehold Mortgagees, except that, if such taking shall be for a period extending beyond the expiration of the Term of this Lease, the Landlord shall be entitled to the portion of the Use Award attributable to the period after such expiration (discounted to present value using the interest rate set forth in Section 34.9):

To the extent a Use Award is allocable to the cost of repairs and restoration following the termination of a temporary taking, the same shall be treated as Proceeds. within the meaning of Article 13, below, and applied consistent therewith.

12.6 Tenant's Award. The Tenant's share of the Net Award or Use Award shall be allocated solely as Tenant and Leasehold Mortgagees direct, and Landlord shall not contest any such allocation.

ARTICLE 13

CONDITIONS GOVERNING REPAIR. RESTORATION, CHANGES AND ALTERATIONS

13.1 Disbursement of Net Award. Whenever. under provisions of Article 11 or Article 12 of this Lease. the Tenant shall be obligated to restore, rebuild. repair or make alterations to the Property, the cost of which will exceed Eight Hundred Thousand Dollars ($800,000) (said amount to be annually increased hereunder based upon the increase in the CPI for the immediately preceding calendar year. such amount as increased, herein called the "Value Equivalent"), the amount of Proceeds. or the amount of the Net Award (which amounts are hereinafter collectively referred to in this Article as "Amounts"), as the case may be, shall be held and disbursed in accordance with the following provisions:

(a) Delivery of Proceeds or Award. Amounts on account of any casualty loss. Proceeding or Agreement. (hereinafter collectively referred to as the "Event"). shall be delivered to the Depository as soon as available and in all events prior to commencement of any work of repair and restoration resulting therefrom (hereinafter referred to as the "Work");

(b) Schedule of Estimated Costs. Tenant shall submit to Landlord. a schedule of the estimated cost of the Work to be performed in accordance with plans and specifications approved, if required. by the Landlord pursuant to Section 13.2;

(c) Payment to Depository of Cost of Work. Before the commencement of the Work, Tenant shall pay to or make reasonably satisfactory provisions to pay to the Depository a sum equal to the amount by which the estimated cost of the Work, determined on the basis of Tenant's estimate as reasonably approved by the Landlord and any first Leasehold Mortgagee, exceeds the Amounts theretofore delivered (or to be delivered) to the Depository under Section 13.1(a) (Landlord agrees that the first Leasehold Mortgagee's reasonable approval thereof will. in the absence of bad faith. be conclusive);

(d) Certificate of Cost of Labor and Materials. During the progress of the Work, Tenant shall submit to Landlord and the Depository, at periodic intervals, but not more frequently than monthly, a certificate approved as to accuracy by Tenant's architect or engineer and by any consultant engaged by Landlord under subparagraph (f) of this Section 13.1, showing the cost of labor and materials incorporated into the Work, or suitably stored at or about the Leased Premises, during the period specified in the certificate and the amount properly due and owing to contractors and suppliers on account thereof. The Depository, upon receipt of such certificate and approval(s) thereof by Landlord and any first Leasehold Mortgagee having such approval rights, such approvals not to be unreasonably withheld or delayed, shall pay to Tenant, from the deposit, if any, made with it by Tenant, and, upon the exhaustion thereof, from the Amounts, ninety percent (90%) (or any greater percentage approved by such Leasehold Mortgagee or by Landlord, Landlord agreeing not to unreasonably withhold its approval) of amounts due and owing to contractors and suppliers on account thereof (the balance constituting retainage which Tenant may have the right to withhold from amounts due and owing to contractors and suppliers, and which amounts shall include, in making such computation, amounts due and owning to contractors and suppliers on account of work previously done and certified but as to which payment thereof has not been made), as shown by such certificate. When reasonably required by Landlord or the first Leasehold Mortgagee and as a condition to any payment by Depository, evidence satisfactory to the Landlord shall be furnished to the effect that the Depository is holding sums so deposited and Amounts remaining undisbursed which are sufficient for the payment of all remaining costs of the Work. If such evidence shall indicate the Depository is not holding funds which are so sufficient, the Tenant shall forthwith deposit with the Depository the amount of the deficit, which it shall hold and disburse as above set forth;

(e) Payment of Balance After Satisfaction. Upon substantial completion of the Work and delivery to Landlord and Depository of a certificate from Tenant that the Work has been substantially completed, and all bills for labor and materials incurred in connection therewith have been paid, assuring such payment, together with a certificate from the Tenant's architect or engineer that the Work has been substantially completed, the Depository shall, in the case of Amounts which are Proceeds of insurance, pay the balance in its possession to the Tenant and anyone claiming by, through or under Tenant (including the Leasehold Mortgagees), and, in the case of the Proceeds of any Proceeding or Agreement, apply the balance first to reimbursement to Tenant under Subparagraphs (c) and (d) of this Section 13.1, and then to the Tenant and anyone claiming by, through or under the Tenant (including the Leasehold Mortgagees), those portions of any balance in Depository's possession to which the respective parties may be entitled (and to the Landlord if Landlord is so entitled to a Net Award on account of a Partial Taking pursuant to Section 12.3(a)(ii)); and

(f) Landlord's Right to Retain a Consultant. If Landlord determines that, prior to giving its approval to any drawings and specifications requiring its approval under Section 13.2, or before approving certificates calling for payment from the funds to be deposited with the Depository, it is appropriate to retain, for itself, independent professional assistance of an architectural or engineering consultant, Landlord shall have the right to do so, and, if the Tenant shall not be proceeding as required hereunder with respect to prosecution of the Work and as a consequence an Event of Default thereby occurs. the reasonable fees and expenses of such consultant for such services shall be paid by Tenant and shall be treated as a part of the cost of the Work in determining amounts required to be made available for such purposes.

13.2 Restoration. Repair. Any restoration. rebuilding, repair or alteration undertaken by Tenant pursuant to Article 11 or 12 (except to restore the Improvements to their prior condition, which need not comply with the provisions of this Article), the cost of which will exceed the Value Equivalent or any construction requiring approval of the Landlord under Section 8.1 hereof, shall produce Improvements which shall conform to the drawings and specifications once said documents are submitted by Tenant. and, to the extent such Work involves changes to the public areas of the Improvements, are reviewed and approved by Landlord in accordance with the Development Review Procedures. or shall be performed in accordance with such amended drawings and specifications as from time to time Tenant may propose and Landlord may approve. such approval not to be unreasonably withheld or delayed. In the event that Tenant shall propose such amended drawings and specifications the provisions of Section 7.2(d) shall be applicable to such restoration. rebuilding, repair or alteration.

13.3 [Intentionally Omitted.]

13.4 Tenant's Obligation to Commence and Complete Work. As to all Work governed by this Article (including Article 11 Work), the Tenant shall promptly commence and diligently complete the same within a reasonable time, subject only to delays occasioned by timing of receipts of Amounts. claims arising from an Event, acts of God. general unavailability of labor or materials, governmental restrictions or other causes beyond the reasonable control of the Tenant, but financial inability (except delays in pursuing claims for and receipts of Amounts) to proceed shall never be treated as a cause beyond the Tenant's control.

ARTICLE 14

WASTE

14.1 Waste. The Tenant covenants not to do or suffer any waste, damage, or injury to the Property, or permit or suffer any overloading of the floors of the Improvements thereof.

ARTICLE 15

INSPECTION OF PREMISES

15.1 Landlord's Right to Inspection. The Tenant agrees upon prior notice to permit the Landlord and its authorized representatives to enter the Property at all times during usual business hours for the purpose of inspecting the same in good faith and for the purpose of making any necessary repairs to the Property or performing any work therein that the Tenant has failed to make or perform and which Landlord may reasonably determine to be necessary to comply with any laws, ordinances, rules, regulations or lawful orders of any public authority or to prevent waste in connection with the Property. The Landlord shall not be entitled to exercise rights hereunder other than inspection except after an Event of Default continuing beyond expiration of any grace periods available to Tenant or except where Landlord shall determine that prompt attention is required to prevent injury to persons or property or to the Improvements, in which latter situation Landlord shall give to Tenant such notice and an opportunity for Tenant to cure such matter, if any, as may be appropriate in the circumstances.

Nothing herein shall imply any duty upon the part of the Landlord to do any such work which, under any provision of this Lease, the Tenant may be required to perform, and the performance thereof by the Landlord shall not constitute a waiver of the Tenant's default in failing to perform the same.

The Landlord may, during the progress of any work performed by it on the Leased Premises or Adjacent Areas in exercise of its above-mentioned rights, keep and store upon the Leased Premises or Adjacent Areas, in a reasonable manner that will not interfere substantially with the rights of the Tenant or any occupant of the Property, all necessary materials, tools and equipment. The Landlord shall not, in any event, be liable for inconvenience, annoyance, disturbance, loss of business or other direct or consequential damage to the Tenant by reason of making repairs or the performance of any work on the Leased Premises or Adjacent Areas in exercise of its above-mentioned rights (other than arising out of the act or neglect of Landlord, its agents, servants, employees or contractors) or on account of bringing materials, supplies and equipment onto or through the Leased Premises or Adjacent Areas during the course thereof (also except for matters arising out of the act or neglect of Landlord, its agents, servants, employees or contractors), and the obligations of the Tenant under this Lease shall not thereby be affected in any manner whatsoever.

15.2 Landlord's Right to Show Premises. The Landlord (and the purchaser under the Option Agreement) is hereby given the right during usual business hours to enter the Property for the purpose of showing the same to prospective purchasers and mortgagees, where the reasonable business purposes of the Landlord (or such purchaser) make such display appropriate, but only during the final twelve (12) months of the Term of this Lease.

Where, under any provision of this Article 15, access is sought by Landlord (or such purchaser) to areas not normally accessible to the public, Landlord (or such purchaser) shall give Tenant forty-eight (48) hours' prior notice before entering the Property and Tenant shall make such areas available for entry by Landlord (or such purchaser).

ARTICLE 16

PAYMENTS TO PUBLIC UTILITIES

16.1 Payment Obligations. Tenant shall pay, or cause to be paid when due, all use and consumption charges and service fees and the like for all public utilities used upon or furnished to the Property during the Term hereof, including, without limitation, charges for water, gas, electricity and telephone service, Tenant always having the right to contest such charges (with the further obligation to provide security or otherwise remove any lien on the Property in the same manner provided herein for Impositions).

16.2 Permits and Licenses. In addition to paying for all utility use and consumption charges and service fees as hereinabove required, the Tenant shall also, at its sole cost and expense, procure any and all necessary permits, licenses or other authorizations required for the lawful and proper installation and maintenance upon the Property of poles, wires, pipes, conduits, tubes and other equipment and appliances for use in supplying any utilities servicing the Property.

16.3 Landlord Cooperation. Landlord shall, as reasonably requested by Tenant, cooperate with Tenant in obtaining utility services and easements necessary or desirable for operation of the Leased Premises, including assistance in obtaining necessary approvals from governmental agencies.

ARTICLE 17

RIGHT TO PERFORM OTHER PARTY'S COVENANTS

17.1 Right to Perform. Landlord and Tenant covenant and agree with each other that, if either shall at any time fail to make any payment, perform any act or comply with any other covenant on its part to be made, performed or complied with as provided in this Lease, and provided always that, in the case of Tenant's failure, such failure is an Event of Default continuing beyond any grace, permitted delay or notice period herein, and, in the case of Landlord's failure, such failure continues for more than thirty (30) days following notice, then the other party shall have the right, without any obligation to do so and without waiving its other rights or remedies hereunder, after ten (10) days' further notice of demand, but with only such notice as is reasonable under the circumstances in an emergency, and without waiving or releasing any obligations contained in this Lease, to make any payment, perform any act or comply with any other covenant on the part of the non-performing party to be made, performed and complied with, as provided in this Lease, in such manner and to such extent as the other party may deem desirable, and, in exercising any such rights, pay necessary and incidental reasonable costs and expenses, and employ counsel and incur and pay their reasonable fees and expenses.

17.2 Duty to Reimburse. Each party shall on demand reimburse the other for all reasonable amounts expended by it or on its behalf under Section 17.1, and the same shall be treated as additional rent hereunder in the case of amounts due Landlord and may be set off against amounts due under the Promissory Note and all other amounts due hereunder in the case of amounts due Tenant. Interest thereon at the rate hereinafter set forth in Section 34.9 shall be paid thereon (or set-off) from the date of demand to the date of reimbursement.

ARTICLE 18

LANDLORD'S REMEDIES AND BREACH

18.1 Landlord's Remedies. So long as an "Event of Default" (as defined in Section 18.2 herein) continues but not after it ceases or is cured, Landlord shall have the following exclusive rights and remedies, to which Landlord may resort cumulatively, or in the alternative and in any order:

(a) Right to Cure. Landlord may, at Landlord's election, cure the Event of Default at Tenant's expense as set forth in Article 17.

(b) Right to Injunctive Relief. Landlord may, at Landlord's election, seek an order of injunctive relief or specific performance from a court of competent jurisdiction requiring Tenant to comply with any terms or provisions of this Lease of which Tenant is in material violation.

(c) Right to Damages Award. Landlord may, at Landlord's election, but in any event subject to Section 26.2, seek an award of out-of-pocket damages actually incurred by Landlord on account of a material breach of any of the terms or provisions of this Lease by Tenant. In no event shall Tenant have any liability for consequential, indirect or punitive damages.

The foregoing rights and remedies of Landlord are intended to be, and shall constitute, Landlord's sole and exclusive remedies, at law, in equity, and otherwise for any breach of this Lease by Tenant.

18.2 Events of Default. A breach of this Lease shall exist if any of the following events (severally "Event of Default" and collectively "Events of Default") shall occur:

(a) [Intentionally Omitted.]

(b) Failure to Pay Other Charge or Imposition. Tenant shall have failed to pay any other charge, Imposition or any obligation of Tenant requiring the payment of money to Landlord under the terms of this Lease (other than the payment of Rent) for sixty (60) days after written notice from Landlord (other than that which is the subject of a good faith dispute which Tenant is diligently pursuing); or

(c) Failure to Perform Lease Covenant. Tenant shall have failed to perform any term, covenant or condition of this Lease to be performed by Tenant, except those described in Section 18.2(b) above, and Tenant shall have failed to cure the same within one hundred and twenty (120) days after written notice from Landlord, except that, where such failure could not reasonably be cured within said one hundred and twenty (120) day period, Tenant shall not be in default, and no Event of Default shall exist, unless Tenant has failed to promptly commence and thereafter be continuing to make diligent and reasonable efforts to cure such failure as soon as practicable.

ARTICLE 19

ASSIGNMENT

19.1 Purpose of Lease. This Lease is being entered into as a means of permitting and encouraging the development of the Leased Premises and Adjacent Areas in accordance with the terms hereof and not for speculation in landholding. Tenant acknowledges:

(a) the importance of the undertaking set forth herein to the Landlord:

(b) the substantial public aids that have been and/or will be made available by law, Landlord and the City for the purpose of making such undertakings possible:

(c) the importance of the identity of Tenant and any successors to Tenant's interest in the Property; and

(d) the fact that the qualifications and identity of Tenant and its successors are of particular concern to the Landlord. Tenant further recognizes that it is because of such qualifications and identify that the Landlord is entering into this Lease, and, in so doing, is further willing to accept and rely on the obligations of the Tenant for the faithful performance of all undertakings and covenants hereby to be performed by it.

Nothing in this Section 19.1 shall restrict Tenant's rights of assignment in Sections 19.2 and 19.3.

19.2 Restrictions on Transfer Prior to Completion. For the reasons set forth in Section 19.1 hereof, and except as otherwise provided herein, in Article 20 hereof and in Article 23 hereof, it is hereby agreed that, commencing on the Lease Commencement Date and continuing until a Certificate of Completion is issued by Landlord under Section 7.9 or Tenant is entitled to issuance of the same:

(a) Part of Tenant's Right. Except as permitted in (b) and (c) below, and except for the Museum Sublease and other subleases permitted under Article 20, no transfer (by assignment or otherwise) of all or any substantial part of Tenant's rights under this Lease or of the Tenant's interest in the leasehold estate created hereby or the Property shall be made or suffered.

(b) Permitted Transfers. The prohibitions expressed in (a), above, against transfer of Tenant's interest under this Lease, shall not apply to the following:

(i) a transfer in connection with a merger, consolidation or reorganization of Tenant, or a sale or other transfer of a substantial portion of Tenant's business;

(ii) any transfers to a person or entity directly or indirectly controlling, controlled by, or under common control with Tenant;

(iii) the granting of a Leasehold Mortgage, or any syndication, participation or transfer of or with respect to a Leasehold Mortgage or any transfer by, through or under a Leasehold Mortgage whether by foreclosure, deed in lieu of foreclosure or otherwise; and

(iv) in the event the Tenant originally named herein determines, in good faith, that the development of the Property as a time share resort property is financially unattractive, transfers to a reputable hotel operator or condominium developer reasonably acceptable to the Landlord. (Landlord acknowledges that, by prepaying the Rent and undertaking the redevelopment of a historic structure, Tenant is making a major investment in the Property, and that the marketability of time share vacation properties in urban locations is untested at this time, and agrees to cooperate fully in good faith with Tenant in the event Tenant determines the time share resort development is not attractive. Tenant acknowledges that the PILOT Amount set forth in Section 4.10 is subject to adjustment as set forth therein if the Property is used for purposes other than as a time share resort property, and that a transfer of Tenant's interest in the Lease shall not relieve the Tenant originally named herein from liability under the Promissory Note.)

Nothing contained in this Lease shall be interpreted to prohibit the transfer (by sale, pledge or otherwise) of the stock or other form of ownership interest in Tenant.

(c) Leasehold Condominium. Tenant intends to submit Tenant's interest in this Lease to the provisions of Massachusetts General Laws Chapter 183A ("Chapter 183A") in order to create a leasehold condominium under Chapter 183A (the "**Leasehold Condominium**"), and to transfer Tenant's interest in the Lease to the Leasehold Condominium under Chapter 183A. Tenant also intends to submit all or a portion of the Leasehold Condominium to a time share ownership plan under Massachusetts General Laws Chapter 183B ("Chapter 183B"), and to transfer time share or, after a transfer pursuant to Section 19.2(b)(iv) of this Lease, other interests in Leasehold Condominium units to third-party purchasers. Tenant intends to create the Leasehold Condominium and commence the sale of interests prior to the date Tenant is entitled to issuance of a Certificate of Completion under Section 7.9.

The creation of the Leasehold Condominium, the submission of all or a portion of the Leasehold Condominium to a time share ownership plan, the transfer of time share or other interests in Leasehold Condominium units, and the granting of Unit Interest Mortgages shall be permitted under this Lease without any further consent of Landlord. Landlord agrees, from time to time promptly after request, to execute, acknowledge and deliver instruments confirming Landlord's consent to the foregoing (including without limitation under Chapter 183A, Section 8A) and to amend this Lease as may be reasonably necessary or appropriate to facilitate the creation of the Leasehold Condominium and the implementation of the time share ownership program in accordance with Chapters 183A and 183B, any other applicable legal requirements, the requirements of title insurers, and standards for a high quality, commercially marketable time share vacation resort in which time share purchases may be commercially financed as contemplated by Section 23.1(b), provided that Landlord shall not be required to amend this Lease in any manner which materially alters any of the fundamental business terms hereof.

Upon execution and recording of the Master Deed creating the Leasehold Condominium, the Leasehold Condominium shall be substituted as the Tenant under this Lease, the Leasehold Condominium shall become obligated for all of Tenant's obligations thereafter arising under this Lease, and the prior holder of Tenant's interest in the Lease shall be relieved of all of Tenant's obligations thereafter arising. While this provision is intended to be self-operative, Landlord, the prior holder of Tenant's interest under the Lease, and the Leasehold Condominium shall confirm the foregoing by written agreement at the time the Leasehold Condominium is created.

19.3 Transfers After Completion. After a Certificate of Completion is issued by Landlord under Section 7.9 or Tenant is entitled to receive the same, there may be made a transfer otherwise prohibited prior to such time without limitation subject only to the following requirement: In the case of an assignment of the Lease and leasehold interest hereunder, other than the grant of a Leasehold Mortgage, but in no other instance, the assignee shall assume (subject always to Section 26.2), by written instrument reasonably satisfactory to the Landlord, the obligations on the part of the Tenant to be performed and observed under this Lease. No assignment of the Tenant's interest under this Lease shall be effective unless accomplished by suitable written instrument recorded in the office in which, by law, records relating to real estate in Boston, Massachusetts are required to be filed to be effective against bona fide purchasers for value of such property, and a true and correct copy thereof, certified as such by the Tenant and the transferee, shall have been sent to the Landlord in the same fashion in which notices are required to be given under the terms of this Lease. Upon such recording or filing and the giving of such notice, the transferee shall become obligated for all of Tenant's obligations thereafter arising hereunder and the transferor will be relieved of all Tenant's obligations thereafter arising.

19.4 Conveyance of Landlord's Interest; Tenant's Right of Refusal. If Landlord ever desires to convey all or any of its interest in the Property except pursuant to the Option Agreement (defined in Section 4.10), then before so doing it will furnish to Tenant a copy of all of the proposed terms and conditions upon which it desires to convey its interest ("First Offer Terms") and Tenant shall thereupon have the right for a period of four (4) months thereafter to enter into an agreement with Landlord upon the First Offer Terms. If Tenant fails so to do, then Landlord shall thereafter be free during the succeeding six month period to convey its interest, subject always to this Lease, to any person upon the First Offer Terms (or terms and conditions less favorable to the purchaser); but it shall not convey upon terms and conditions more favorable to the purchaser, or after such period, without again offering to Tenant in the same manner. In no event shall Landlord convey all or any of its interest in the Property, except pursuant to the Option Agreement, without the prior approval of Tenant if such conveyance may affect the continued validity or effectiveness of the provisions of Section 4.10 of this Lease as a valid, binding, and enforceable agreement under Massachusetts General Laws, Chapter 121B, Section 16. Prior to any conveyance of Landlord's interest in the Lease, Landlord shall deliver a legal opinion in form, and from counsel, acceptable to Tenant that the conveyance will not affect such continued validity or effectiveness.

ARTICLE 20

SUBLETTING

20.1 Right to Sublet. Tenant may sublet any part of the Property at any time and from time to time, may enter into operating agreements for time share vacation resort or like operations, and otherwise may operate the Property upon such terms and conditions as Tenant shall deem fit and proper, provided that until a Certificate of Completion is issued by Landlord under Section 7.9, Tenant shall not enter into a sublease which would constitute, in substance, a transfer of Tenant's interest in the Lease prohibited under Section 19.2. Nothing contained herein. however, shall be interpreted to prohibit Tenant from entering into operating agreements or bona fide subleases for occupancy of portions of the Leased Premises.

ARTICLE 21

LANDLORD'S BANKRUPTCY: COVENANT AGAINST ENCUMBRANCES

21.1 Landlord's Bankruptcy. In the event that a rejection or other termination of this Lease is sought or obtained in a proceeding seeking reorganization or liquidation of Landlord or an arrangement under the bankruptcy laws or any other applicable debtor's relief law or statute of the United States or any state thereof, the Parties intend and agree that, to the maximum extent permitted by law, Tenant shall retain its right to possession of the Property and all of its other rights and remedies under this Lease unless Tenant expressly elects otherwise with the written consent of all Leasehold Mortgagees. Without limiting the generality of the foregoing, rejection of this Lease by Landlord (or any trustee of Landlord) pursuant to 11 U.S.C. §365(h) or any successor statute ("Section 365(h)") shall not terminate this Lease unless Tenant expressly so elects with the written consent of all Leasehold Mortgagees. If the Lease is so rejected but not terminated under Section 365(h), then it shall continue in full force and effect except that Tenant's recourse for a failure of Landlord to perform any obligation hereunder shall be limited to an offset or claim against amounts due to Landlord under the Promissory Note or this Lease (including amounts due to Landlord on account of a casualty or eminent domain taking). A Leasehold Mortgage shall not be affected or impaired by any rejection of the Lease by Landlord (or any trustee of Landlord) unless the Lease is terminated with the written consent of the Leasehold Mortgagees.

21.2 Covenant Against Encumbrances. Neither the Landlord nor Tenant shall have the right or power to, and neither shall in any way, encumber the fee simple title of the Landlord in and to the Leased Premises, Adjacent Areas, Improvements or Building Service Equipment, if any. Nor shall such fee simple estate or other interest of the Landlord be in any way subject to any claim against the Tenant by way of lien, or otherwise, whether arising by operation of law, by express or implied contract or in any other manner, and any such encumbrance or claim by way of lien or otherwise upon the Leased Premises, Adjacent Areas, or the Improvements, whether arising by operation of law, by any act or omission of the Tenant or in any other manner, shall accrue only against the leasehold estate of the Tenant.

If any such encumbrance or claim against the Tenant by way of lien or otherwise shall exist or be asserted against the fee simple title of the Landlord in and to the Leased Premises, Adjacent Areas, Improvements or Building Service Equipment, then, in addition to any other right or remedy which the Landlord may have under this Lease or at law or in equity, the

Landlord shall have the right, without any obligation to do so, to discharge or pay the same, including the payment of penalties, interest and costs claimed to be due, provided Tenant shall first have been notified of Landlord's intent to take such action and Tenant shall have failed to pay or cause to be discharged such encumbrance or lien within sixty (60) days thereafter. All amounts paid and all costs and expenses incurred by the Landlord (including reasonable attorneys' fees) pursuant to the provisions of this Section, together with interest thereon from the date of any payment or expenditure by Landlord at the annual rate hereinafter set forth in Section 34.9, shall constitute additional rent hereunder and shall be payable by Tenant to the Landlord on demand.

Without limiting the generality of the foregoing, Landlord will forthwith remove any encumbrance, attachment, lien or other charge whatsoever arising in whole or in part, voluntary or involuntary, from any cause other than Tenant's breach of the foregoing; and if Landlord fails so to remove any such charge within one-hundred twenty days, then without limiting any of Tenant's other rights or remedies and notwithstanding anything herein to the contrary, including the provisions of Section 26.2, the Tenant may recover its damages on account thereof from the Landlord with full recourse against all of the assets of Landlord.

21.3 No Assumption by Landlord. Landlord shall not be deemed to have assumed any of Tenant's obligations under any sublease or other transfer of Tenant's interest in the Property unless Landlord shall otherwise elect in writing.

ARTICLE 22

TITLE TO IMPROVEMENTS: SURRENDER OF THE PROPERTY

22.1 Title. On the Lease Commencement Date Landlord shall possess, shall demise to Tenant and shall thereafter maintain good and clear record and marketable title to the Leased Premises, the Adjacent Areas, Improvements, and Building Service Equipment, free from all liens and encumbrances and free of all tenants and occupants, subject only to the Permitted Exceptions. Landlord has acquired the Building and the portions of the Leased Premises other than the Transformer/Loading Area and Main Entrance Area from the United States of America, and shall, prior to the Lease Commencement Date, acquire the remainder of the Leased Premises and the Adjacent Areas by a taking in eminent domain pursuant to M.G.L. c.121B. Landlord shall use its best efforts to insure that the Permitted Encumbrances do not prevent the use of the Property as contemplated by this Lease. Landlord shall take no action nor permit any action or any failure to act which would result in or cause the creation of a lien or encumbrance upon the Leased Premises, Adjacent Areas, Improvements, or Building Service Equipment or otherwise cause title to or condition of the Leased Premises, Adjacent Areas, Improvements, or Building Service Equipment to fail to comply with the requirements of this Article 22. Without limitation, Landlord shall not pledge, encumber, mortgage, hypothecate, grant a security interest in, allow to be attached or otherwise permit any lien or encumbrance on its fee interest in the Property. In furtherance and not in limitation of the foregoing, Landlord shall not take or permit any action in violation of the terms and provisions of the Deed from the General Services Administration of the United States of America to the Boston Redevelopment Authority recorded with Suffolk Registry of Deeds at Book 14178, Page 151 or of any other title matter referred to in Exhibit A or Exhibit B.

22.2 Title to Improvements and Building Service Equipment. (a) Landlord and Tenant acknowledge and agree that title to the Improvements and the Building Service Equipment is, shall be and shall remain in the Landlord.

However, until the termination of this Lease. Tenant shall have the right. to the maximum extent permitted by applicable law, to claim depreciation. amortization, tax credits and any and all other tax benefits on account of the Building, Improvements and Building Service Equipment for all taxation purposes. The Landlord will cooperate from time to time to insure that the foregoing is given effect. Without limitation. the Landlord hereby elects under Section 50(d), continuing the provisions of Section 48(d), of the Internal Revenue Code to treat the Tenant as having acquired such property; and the Landlord appoints the Tenant as its attorney-in-fact to execute and file an instrument of such election with the Internal Revenue Service (the Landlord also agreeing to execute and file any such instrument directly upon the Tenant's request).

(b) The Tenant shall, upon such termination. well and truly surrender and deliver to the possession and use of the Landlord, without delay and in the condition required by the Lease. the Leased Premises and Adjacent Areas and deliver the Building, Improvements and the Building Service Equipment. excepting, however, any trade fixtures. machinery, equipment and personal property (including any furniture. fixtures and equipment used in connection with any time share vacation resort, or the like) and other property of Persons claiming by. through or under Tenant (without any payment or allowance whatever to the Tenant on account of or for the Building, Improvements and the Building Service Equipment or any part thereof).

(c) The Tenant covenants and agrees that, without the prior written consent of the Landlord, it will not execute and deliver or renew any sublease which would extend beyond the then Term of this Lease (and for the purposes of this provision any rights of extension in any sublease shall be treated as having been exercised by the Occupancy Party) it being the intention of the parties that, except as the Landlord may otherwise agree. the Landlord, at the termination of this Lease, shall be the sole owner of the Property, not subject to any lease or subtenant's rights of any kind.

(d) The Landlord, upon termination of this Lease at the expiration of the Term or if Tenant elects to terminate this Lease under Article 11 or Article 12 (but not for any other reason), may, without notice, reenter upon the Property and possess itself thereof by summary proceedings, ejectment or otherwise, and may dispossess the Tenant and remove the Tenant and all other persons and property from the Property which it may elect so to dispossess, to the extent that it has not theretofore otherwise agreed, and may enjoy the Property and have the right to receive all rents and income from the same, without hindrance or interference from the Tenant or anyone claiming by, through or under the Tenant. By written instrument recorded in the Registry of Deeds where this Lease or notice of this Lease is recorded, the parties (Leasehold Mortgagees' consent thereto being required) may agree to any other reentry by Landlord. Any personal property of the Tenant remaining on the Property beyond thirty (30) days after such termination of this Lease shall be treated as having been abandoned by it and be retained by the Landlord as its sole property or be disposed of, without liability or accountability, as the Landlord sees fit.

22.3 Confirming Documents. Tenant shall upon any termination of this Lease execute such documentation as Landlord may reasonably require to confirm Landlord's title to the Building, Improvements and Building Service Equipment.

22.4 Option Agreement. Landlord's interest in the Property is subject to that certain Purchase Option of even date (the "Option Agreement") between Landlord and Marriott International, Inc. ("Optionee"). Landlord's obligations under the Option Agreement are secured by a mortgage of even date (the "Option Mortgage") granted by Landlord to Optionee. The Option Agreement and Option Mortgage provide that an exercise of the purchase option granted in the Option Agreement, or a foreclosure of the Option Mortgage, shall not disturb any of the rights of the Tenant under the Lease and those claiming by, through or under the Tenant including, without limitation, all subtenants, unit owners of condominium units at the Property, owners of time share interests in the Property or in condominium units at the Property, Leasehold Mortgagee(s), and Unit Interest Mortgagees; and Optionee upon its acquisition of the Property and any purchaser upon a foreclosure of the Option Mortgage, shall succeed to Landlord's rights in and under the Lease and shall recognize all of the rights of the Tenant under the Lease and those claiming by, through or under the Tenant. Upon request by either Landlord or Optionee from time to time, Tenant shall enter into an attornment, non-disturbance and recognition agreement in commercially reasonable form with Landlord and Optionee, and upon request by Tenant from time to time, Landlord shall enter into, and cause Optionee to enter into, such an agreement.

ARTICLE 23

MORTGAGES

23.1 Right to Mortgage.

(a) Leasehold Mortgages. Notwithstanding any other provision of this Lease, the Tenant shall at all times and from time to time have the right to encumber, pledge or convey all, but not less than all, of its leasehold estate in the Property by way of a Leasehold Mortgage or Mortgages (which may be of different priority and exist at the same time) and any and all collateral security agreements from time to time required by the holder of a Leasehold Mortgage, including without limitation collateral assignments of this Lease, any subleases, assignments or pledges of rents, time share vacation resort operating agreements or the like, and any and all rights incidental to the Property, and security interests under the Uniform Commercial Code or any successor laws to secure the payment of any loan or loans obtained by Tenant (including without limitation loans entitling the lender to participate in appreciation, cash flow or any other incidents of the Property's financial success). Without limiting in any way the foregoing right, Tenant shall give written notice to Landlord of its intent to exercise such rights hereunder, including in such notice the name(s) and address(es) of such Leasehold Mortgagee(s) and any other information regarding the Leasehold Mortgage (and related collateral) documents which Landlord may reasonably require. It is the intent of the Parties (and this Lease shall be liberally construed to such end) that Tenant have during the term of this Lease from time to time all of the privileges and rights to enter into Leasehold Mortgages of this Lease and of its leasehold estate in the Property as Tenant would have if it possessed the fee estate in the Property, except that said Leasehold Mortgages will be subject to the terms and conditions of this Lease, and nothing herein shall give Landlord rights to approve Leasehold Mortgages. Tenant's failure to notify Landlord of its intent to grant a Leasehold Mortgage shall in no event impair the rights of any Leasehold Mortgagee.

(b) Unit Interest Mortgages. Notwithstanding any other provision of this Lease, in the event a Leasehold Condominium succeeds to the interest of Tenant under this Lease as set forth in Section 19.2(c), any Person owning an interest in a unit of the Leasehold Condominium shall at all times and from time to time have the right to encumber, pledge, or convey all or any part of its interest in the Leasehold Condominium by way of a Unit Interest Mortgage or Mortgages and any and all collateral security agreements from time to time required by the holder of any Unit Interest Mortgage. It is the intent of the Parties (and this Lease shall be liberally construed to such end), that any Person owning an interest in the Leasehold Condominium have during the Term of this Lease from time to time all of the privileges and rights to enter into Unit Interest Mortgages of its interest in the Leasehold Condominium as such Person would have if the Leasehold Condominium possessed the fee estate of the Property, except that the Leasehold Condominium will be subject to the terms and conditions of this Lease, and nothing herein shall give Landlord rights to approve any Unit Interest Mortgage. The terms of a Unit Interest Mortgage shall be as the grantor may negotiate with any Unit Interest Mortgagee. No notice to Landlord shall be required for a Unit Interest Mortgage, and a Unit Interest Mortgagee shall not have any of the rights specifically granted to a Leasehold Mortgagee under this Lease except where this Lease expressly so provides.

23.2 Rights of Leasehold Mortgagee.

(a) If a Leasehold Mortgagee by foreclosure or otherwise, acquires Tenant's entire interest in the Property prior to issuance of the Certificate of Completion of the Improvements (described in Section 7.9), the Leasehold Mortgagee shall have the following rights (all or each of which may be exercised at once or over time):

(i) by itself, its agent, designee, nominee or wholly owned subsidiary, to complete construction of the Improvements in accordance with this Lease;

(ii) to sell, assign or transfer Tenant's entire interest in the Property to a purchaser, assignee or transferee who shall within fifteen (15) business days of such transfer notify Landlord thereof and expressly assume (subject always to the provisions of Section 26.2) as provided in Section 19.3 all of the covenants, agreements and obligations of the Tenant and shall be granted all the rights and benefits of Tenant under this Lease by written instrument(s) recorded in the Suffolk County Registry of Deeds (and the mortgagee of such purchaser, assignee or transferee shall be entitled to all of the rights of a Leasehold Mortgagee hereunder), any of which purchaser, assignee or transferee shall have the rights under subparagraphs (i), (ii) and (iii) hereof, or

(iii) by express instrument, reconvey the entire interest of Tenant in the Property to the Landlord.

(b) In the event that a Leasehold Mortgagee elects to complete construction pursuant to subparagraph (a)(i), above, or sells, assigns or transfers pursuant to subparagraph (a)(ii), above, the Landlord shall extend any time limits set forth in this Lease as shall be reasonably necessary to complete the Improvements and the Building Service Equipment and, upon such completion, the Leasehold Mortgagee or purchaser of the leasehold estate, as the case may be, shall be entitled to the same rights, benefits and privileges available to Tenant hereunder, including Tenant's right to a Certificate of Completion.

(c) If a Leasehold Mortgagee by foreclosure or otherwise, acquires Tenant's entire interest in the Property after the issuance of such Certificate of Completion, the Leasehold Mortgagee and its transferees shall have all of the rights of transfer set forth in Section 19.3 notwithstanding the time when the acquisition occurs.

23.3 Notice to Leasehold Mortgagees and Right to Cure. If a Leasehold Mortgagee shall, by written notice to the Landlord, notify Landlord thereof of the name and address of the Leasehold Mortgagee for notice purposes, and of the recording reference of its Leasehold Mortgage, and with such notice shall furnish to the Landlord a true copy of its Leasehold Mortgage, Landlord agrees that so long as such Leasehold Mortgage shall remain unsatisfied of record, or until written notice of satisfaction thereof is given by the Leasehold Mortgagee to Landlord (whichever shall first occur) the following provisions shall apply:

(a) Landlord shall, promptly upon receipt of a communication purporting to constitute the notice provided for in the foregoing provisions of this Section 23.3, either provide the Leasehold Mortgagee submitting such communication with a written confirmation of the receipt of such communication and that the same constitutes the notice provided for in the foregoing provisions of this Section 23.3, or notify in writing the Tenant and such Leasehold Mortgagee within ten (10) days thereof of any respects in which such communication does not conform with the foregoing provisions of this Section 23.3 and specifying the basis therefor. Failure so to give such notice of non-conformance within such time shall be deemed conclusive evidence that notice conforming to this Section 23.3 has been received by Landlord;

(b) In the event of any assignment of a Leasehold Mortgage or in the event of a change of address or name for notice purposes of a Leasehold Mortgagee or of an assignee of any such Leasehold Mortgagee, notice of the new name and address for notice purposes may be provided to Landlord in substantially like manner;

(c) There shall be no cancellation, surrender, termination or modification of this Lease by joint action of Landlord and Tenant, or termination of this Lease by unilateral action of Tenant under the provisions of this Lease permitting such termination by Tenant, without in each case first securing the prior written consent of each Leasehold Mortgagee;

(d) The Landlord shall, upon giving Tenant any notice of an Event of Default, simultaneously give a copy of such notice to each Leasehold Mortgagee and no notice of default given to Tenant shall be effective until a copy thereof has been given to each Leasehold Mortgagee. Wherever in this Lease notice is to be given to a Leasehold Mortgagee such notice shall conclusively be treated as having been "given" within the meaning of the respective provisions calling for notice to a Leasehold Mortgagee if given in accordance with the provisions of Article 25 to a Leasehold Mortgagee at the address specified in accordance with the provisions of this Section 23.3;

(e) Each Leasehold Mortgagee shall have the same period, after such notice has been given to it, for remedying any default or causing the same to be remedied, as is given Tenant after the giving of such notice to Tenant, plus (x) in the case of an Event of Default in the payment of any other monetary obligations of Tenant to Landlord hereunder, an additional period of thirty (30) days, and (y) in the case of any other Event of Default, an additional period of sixty (60) days, and if such default cannot with due diligence be cured within such additional sixty (60) day period, an additional time thereafter, provided that such cure is initiated during such additional sixty (60) day period and thereafter, the curing of the same is prosecuted with diligence; and in all cases Landlord shall accept any cure or performance by or on behalf of a Leasehold Mortgagee for all purposes under this Lease as if performed by Tenant:

(f) Notwithstanding anything herein to the contrary, while the Parties intend that this Lease may be terminated prior to the expiration of the Term only by mutual agreement of Landlord and Tenant or by Tenant's election under Article 11 or Article 12, in any case with the consent of all Leasehold Mortgagees, in the event of a termination of this Lease for any other reason prior to the expiration of the Term (such as a rejection of the Lease by Tenant in a bankruptcy proceeding), the Landlord covenants with each Leasehold Mortgagee that the Landlord will forthwith (and in any case within ten (10) days) give notice to each Leasehold Mortgagee ("Termination Notice") in the same manner provided in Subparagraph (d) of this Section 23.3 of the date of such termination ("Termination Date"). Each Leasehold Mortgagee shall have the right, in addition to the foregoing rights, to elect to demand a new lease of the Leased Premises and Property, exercisable by notice in writing to the Landlord within sixty (60) days after the last to occur of the Termination Notice or the Termination Date, for the balance of the Term hereof effective as of the date of such termination, and otherwise upon all of the terms, provisions, covenants and agreements set forth in this Lease except that Landlord shall not be required to warrant and defend the right of possession of the tenant under such new lease against the Tenant herein or anyone claiming by, through or under the Tenant; provided that, concurrently with the delivery of such notice, the Leasehold Mortgagee shall perform all monetary and other obligations of Tenant to Landlord capable of being performed by such Leasehold Mortgagee which would have accrued hereunder had this Lease remained in force without any default by Tenant until the time of delivery of such notice. If there is more than one Leasehold Mortgagee electing to demand such new lease, then the most senior Mortgagee so electing shall be entitled to obtain the new lease. The Landlord shall act promptly after such notice and performance to execute such new lease. Any such new lease shall be superior and not subordinate to any Leasehold Mortgage hereafter given and shall have the same title priority and rights as this Lease; and any such new lease may, at the option of such Leasehold Mortgagee, name as tenant a nominee or wholly owned subsidiary of such Leasehold Mortgagee. If as a result of any such termination the Landlord shall succeed to the interests of Tenant under any sublease of or other rights of Tenant with respect to the Leased Premises or Property or any portion thereof, Landlord shall execute and deliver an assignment of all such interests to the tenant under the new lease simultaneously with the delivery of such new lease;

(g) Any Leasehold Mortgagee shall be given notice of any legal action or arbitration with respect to this Lease, and shall have the right to intervene therein and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention.

23.4 Leasehold Mortgage. The term "Leasehold Mortgage" as used in this Article means one or more security agreements in the nature of a mortgage, assignment, or pledge which is intended to constitute from time to time a transfer of or a lien on all of

Tenant's entire interest in the Property as security for a loan or loans. The terms of any Leasehold Mortgage may be as the Tenant may negotiate with any Leasehold Mortgagee.

23.5 [Intentionally Deleted]

23.6 Assumptions by Leasehold Mortgagee. No exercise of any of the rights by a Leasehold Mortgagee permitted to it under this Lease, its Leasehold Mortgage or otherwise shall ever be deemed an assumption of the obligations of Tenant under this Lease unless and until any Leasehold Mortgagee, or any wholly owned subsidiary to whom it may transfer Tenant's entire interest in the Property (said subsidiary being a Leasehold Mortgagee hereunder) expressly elects by notice to Landlord to assume and perform all of Tenant's obligations under this Lease.

23.7 Modifications to this Lease. The parties acknowledge and agree that prospective Leasehold Mortgagees operators may require modifications to the Lease for the purpose of implementing the protection provisions hereof intended for their benefit or otherwise facilitating the financability of this Lease. The Landlord agrees not to unreasonably withhold or delay its agreement to enter into requested modifications provided that, in the reasonable opinion of Landlord, the same shall in no way affect the Rent or otherwise in any material respect adversely affect any of the essential rights of the Landlord under this Lease. Without limitation, before giving any such agreement the Landlord may require changes to any proposed modifications.

ARTICLE 24

HOLDING OVER

24.1 Holding Over. This Lease shall terminate without further notice at the expiration of the Term, unless extended as herein expressly provided. Any holding over by Tenant after expiration shall not constitute a renewal or extension or give Tenant any rights in or to the Property except as expressly provided in this Lease.

ARTICLE 25

NOTICES

25.1 Notices. Any notice required or desired to be given pursuant to this Lease shall be in writing with copies directed as indicated below and shall be delivered, or, in lieu of delivery, shall be deposited in the United States mail, postage prepaid, certified or registered mail or with a nationally recognized overnight courier service. Any notice so addressed as provided herein will be deemed given upon actual delivery or if mailed, upon the third business day after deposit in the United States mail or if sent by courier, on the day after deposit with a nationally recognized overnight courier service. If such notice shall be addressed to Landlord, the address of Landlord is:

Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201
ATTENTION: DIRECTOR

with a copy to:
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201-1007
ATTENTION: GENERAL COUNSEL

and if addressed to Tenant, the address of Tenant is:

Marriott Ownership Resorts, Inc.
1200 U.S. Highway 98 South, Suite 10
Lakeland, Florida 33801
ATTENTION: Vice President - Operations

with a copy to:
Richard D. Rudman, Esq.
Hill & Barlow
One International Place
Boston, Massachusetts 02110

also with a copy to:
Marriott Ownership Resorts, Inc.
1200 U.S. Highway 98 South, Suite 10
Lakeland, Florida 33801
ATTENTION: Assistant General Counsel

Either Landlord or Tenant may change its respective address (or persons to be copied) and may add others of its general partners (or other officers) and their respective counsel as recipients of such notice by giving written notice to the other in accordance with the provisions of this paragraph.

Any requests for approvals, consents and the like made by Tenant to Landlord shall be deemed granted after a period of non-reply by Landlord of twenty (20) days unless a different time period is expressly set forth herein therefor (in which case the period of non-reply shall be such different period) so long as such requests shall, as a condition to the effectiveness thereof, be prefaced with the following language printed in capital letters in bold face type:

"NOTICE:
THIS REQUEST FOR APPROVAL REQUIRES IMMEDIATE REPLY
FAILURE TO RESPOND WITHIN DAYS
SHALL RESULT IN AUTOMATIC APPROVAL"

ARTICLE 26

QUIET ENJOYMENT; ENCROACHMENTS AND VAULTS; LIMITATION OF LIABILITY

26.1 Quiet Enjoyment. The Landlord covenants that Tenant, upon paying the rent and all other charges herein provided for, and observing and keeping the covenants, agreements and conditions of this Lease on its part to be kept, shall lawfully and quietly hold, occupy and enjoy the Property during the Term of this Lease, without hindrance or molestation of the Landlord, or any person or persons claiming by, under or through the Landlord, subject to the Permitted Exceptions and any other matters expressly hereinabove set forth (provided that Landlord shall use its best efforts to insure that none of the Permitted Exceptions will prohibit or materially interfere with the proposed occupancy and use of the Leased Premises and enjoyment of the Appurtenant Rights as contemplated by this Lease); provided, however, that this covenant shall not extend to any vault, subway entrance, subsidewalk, suballey, or substreet, if any, now or hereafter located outside the Leased Premises and Adjacent Areas and used incident to or as an appurtenance to the Leased Premises and Adjacent Areas, nor to any encroachments of the Building and Improvements on premises other than the Leased Premises and Adjacent Areas or the encroachment of any present building, wall or structure, either on the Leased Premises or on any property adjacent thereto, and the Landlord shall not be liable for any such encroachments. The provisions of this Section shall similarly extend to any Person claiming by, through or under Tenant.

26.2 Limitation on Liability. Neither Landlord nor Tenant (and if Tenant is a partnership, joint venture or trust, no general or limited partner, partner of a partner, venturer, trustee or beneficiary thereof) nor any of the respective members, stockholders, officers, directors, employees, trustees, beneficiaries, or agents of Landlord or Tenant or of any of the foregoing (collectively all such persons being referred to as "Exculpated Persons") shall be personally or individually liable for any of their respective obligations hereunder or in connection herewith, and in the event of any claim by either Party against the other for any purpose, except as otherwise provided in the last paragraph of Section 21.2 the claimant shall look solely to the interests of Landlord or Tenant in the Property, as the case may be, and not to any other assets or to any Exculpated Persons for satisfaction of such claim.

Without limiting the generality of the foregoing, if a Leasehold Condominium succeeds to the interest of Tenant under this Lease as set forth in Section 19.2(c), the owner of any interest in a unit of the Leasehold Condominium (whether a time share interest or otherwise) and any officer. director. employee. trustee. beneficiary, or agent of any association of unit owners in the Leasehold Condominium shall be Exculpated Persons. and Landlord shall look solely to the interest in the Property of the Leasehold Condominium and the interest in the Property of its owners and shall not be entitled to recovery from or against any other assets or any Exculpated Persons for satisfaction of any claim.

No member. official or employee of the Landlord shall be personally liable to Tenant in the event of any default or breach by the Landlord or for any amount which may become due to Tenant or on any obligations under the terms of this Lease.

The Landlord and Tenant named herein. and their respective successors in title to their respective estates. shall be liable only for breaches occurring during its or their respective ownership of such estates hereunder.

26.3 License to Use Vaults. It is expressly understood and agreed that all vaults now or hereafter built. to the extent located outside the Leased Premises and Adjacent Areas. are not included within the premises demised by this Lease. but the Tenant may occupy and use the same during the term of this Lease. subject to such laws. rules and regulations as may be imposed by the appropriate municipal departments with respect thereto. No revocation on the part of any municipal department or authority of the license to maintain and use such vaults shall in any way affect this Lease or the amount of the Rent or any other charges payable by the Tenant hereunder. If any such license so to maintain and use such vaults shall be revoked. Tenant will. at its sole cost and expense. do and perform all such work as may be necessary to comply with any order revoking the same.

ARTICLE 27

ESTOPPEL CERTIFICATE

27.1 Estoppel Certificate. The Tenant and the Landlord agree at any time, and from time to time (but not more frequently than once in each calendar month), upon not less than ten (10) business days' prior written notice by the one of them requesting the same, to execute, acknowledge and deliver to the other Party and to any Person claiming by, through or under Tenant including without limitation any Leasehold Mortgagee, the holder of any interest in a Leasehold Condominium or any Unit Interest Mortgagee, any title insurer, or any other person which so requests, a statement in writing, certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified, and stating the modifications), and the dates to which the Rent and other charges have been paid in advance, if any, and stating whether or not, to the best knowledge of the Party executing such statement, there are defaults under this Lease. and, if so, specifying each such default, and reciting any other fact, matter, approval or consent given or deemed given. interpretation or clarification of this Lease or other thing related to this Lease as may be reasonably requested, it being intended that any such statement delivered pursuant to this Article may be conclusively relied upon by the other Party, Leasehold Mortgagees and any other person to whom the same is delivered. If the Party issuing the statement is the Landlord, the statement may be signed by the Director of Landlord or such Director's designee or by Landlord's general counsel, and if so signed shall be considered duly executed and binding on Landlord.

ARTICLE 28

REMEDIES CUMULATIVE

28.1 Remedies Cumulative. The specified remedies to which the Landlord or Tenant may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other specified remedies or means of redress to which the Landlord or Tenant may be lawfully entitled under this Lease in case of any breach or threatened breach by the Landlord or Tenant, as the case may be, of any provision of this Lease; provided, that nothing herein shall limit or modify the provisions of Sections 2.1 or 26.2 nor shall anything herein broaden or modify the provisions of Section 18.1. The failure of the Landlord or Tenant to insist in any one or more cases upon the strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver or a relinquishment for the future of such covenant or option.

28.2 No Waiver. No waiver by the Landlord or Tenant of any provision of this Lease shall be effective unless in writing and signed by the Landlord or Tenant. Acceptance by Landlord (including, without limitation, of any draft remitting the same) of payments in amounts less than due the Landlord shall be treated as payments on account to the extent thereof, notwithstanding any statement of endorsement on or accompanying the same.

28.3 Injunctions. In addition to the other remedies provided in this Lease, the Landlord or the Tenant shall be entitled to restraint of the other, as the case may be, by injunction of the violation or attempted or threatened violation, of any of the covenants, conditions and provisions of this Lease.

ARTICLE 29

SURRENDER NOT A MERGER

29.1 Surrender Not a Merger. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation thereof, with the prior written consent of all Leasehold Mortgagees, shall not work a merger and shall, at the option of Landlord, operate as an assignment to Landlord of any and/or all subleases of subtenants.

ARTICLE 30

ATTORNEYS' FEES AND OTHER COSTS

30.1 Attorney's Fees and Other Costs. In the event either Party shall bring any action or legal proceedings for damages for an alleged breach of any provision of this Lease, or to enforce, protect, determine or establish any term or covenant of this Lease or right of such party, and if, in such event, the Party bringing the action or proceeding shall prevail (by settlement or otherwise) or substantially prevail in any such action or legal proceeding, then the prevailing Party shall be entitled to recover from the other Party as a part of such action or proceedings, or in a separate action brought for that purpose, reasonable attorneys' fees and court costs.

30.2 Professional Consultants. It is anticipated that, from time to time during the Term of this Lease, the Landlord may require the advice of counsel or other professional consultants having special expertise not possessed by in-house employees of Landlord in the examination of requests submitted by the Tenant, review and approval of documentation required from time to time to be provided by the Tenant to the Landlord under this Lease, and otherwise in the review of the exercise by the Landlord of any of its rights hereunder. Accordingly, without limiting the Landlord's right to recover the reasonable fees and expenses of counsel incident to enforcing its obligations on default or breach of condition by the Tenant, the Tenant agrees to pay the Landlord reasonable fees and expenses of such counsel and other professional consultants (but only to the extent not employees of Landlord, Landlord agreeing to use such employees unless such special expertise is required) incurred by the Landlord on account of services rendered incident to the foregoing, but excluding from the operation of the foregoing provisions of this paragraph all such fees and expenses incurred incident to the Landlord's consideration of submissions or requests for approval, consent or the like where, under the terms of this Lease such submission, consent, approval or the like is required as a condition to an act by Tenant.

ARTICLE 31

DEFINITIONS

31.1 General. Terms defined elsewhere in this Lease shall have the meanings ascribed to them. In addition, the terms defined below shall have the meanings ascribed to them wherever such terms shall appear in the Lease, unless the context otherwise required.

Adjacent Areas. "Adjacent Areas" shall have the meaning given in Section 1.2.

Agreement. "Agreement" shall have the meaning given in Section 12.1.

Amounts. "Amounts" shall have the meaning given in Section 13.1.

Appurtenant Rights. "Appurtenant Rights" shall have the meaning given in Section 1.2.

Award and Net Award. The terms "Award" and "Net Award" shall have the meanings given in Section 12.1.

Building. The term "Building" shall have the meaning given in Section 1.2.

Building Service Equipment. The term "Building Service Equipment" shall mean the definition as set forth in Section 1.4.

Certificate of Completion. "Certificate of Completion" shall have the meaning given in Section 7.9.

Certificate of Occupancy. The term "Certificate of Occupancy" shall mean the initial Certificate of Occupancy issued by the City of Boston Inspectional Services Department for any portion of the Leased Premises.

Change Orders. "Change Orders" shall have the meaning given in Section 7.2(d).

Contract Documents. The term "Contract Documents" shall have the meaning given in Section 7.2.

CPI. The term "CPI" means the Consumer Price Index for All Urban Consumers (1982-1984 = 100), or any successor to such Index from time to time.

Depository. The term "Depository" shall mean any Leasehold Mortgagee or bank or trust company chartered or permitted to do business under the laws of the United States of America or The Commonwealth of Massachusetts reasonably selected by Tenant. The

Depository shall be under no obligation to cash or collect interest coupons on any securities deposited hereunder issued in coupon form, but shall hold such coupons subject to the order of the Tenant and the provisions of this Lease under which such securities were deposited. Cash deposited with the Depository shall be invested by the Depository in U.S. Treasury bills or notes of such other form of investment as shall be mutually acceptable to Landlord and Tenant and all amounts earned thereon shall be considered part of, and devoted to the purpose of, the deposit with any balance remaining after such purpose has been satisfied to be paid over to Tenant.

Development Review Procedures. The term "Development Review Procedures" means the document entitled "Development Review Procedures" attached as Exhibit E.

Event. "Event" shall have the meaning given in Section 13.1(a).

Event of Default. "Event of Default" shall have the meaning given in Section 18.2.

Force Majeure. "Force Majeure" shall have the meaning given in Section 7.8.

Grant. "Grant" shall have the meaning given in Section 7.5.

Improvements. The term "Improvements" shall mean the definition as set forth in Section 1.3.

Landlord and Tenant. The term "Landlord" and "Tenant" shall be limited to mean and include only the owner at the time of the respective estates in the Property of landlord and tenant and, in the event of any transfer or transfers of title to the same, the transferor shall be automatically freed and released from and after the date of such transfer and conveyance of all liability as respects the performance of any covenants or obligations on the part of such Party contained in this Lease thereafter to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of such Party shall, subject as aforesaid, be binding on such Party, its successors and assigns, only during and in respect of their respective successive periods of ownership of such Party.

Lease Year. The term "Lease Year" shall mean a calendar year.

Leased Premises. The term "Leased Premises" shall have the meaning given in Section 1.2.

Leasehold Condominium. The term "Leasehold Condominium" shall have the meaning given in Section 19.2(c).

Leasehold Mortgage. The term "Leasehold Mortgage" shall mean any assignment(s), mortgage(s), deed(s) of trust or other form(s) however styled of a security interest in all of

Tenant's estate created under this Lease as provided in Article 23. The term "Leasehold Mortgagee" shall mean the holder(s) of any Leasehold Mortgage(s) from time to time. The term "first Leasehold Mortgagee" shall mean the holder from time to time of the Leasehold Mortgage having priority in lien over any other Leasehold Mortgages.

Option Agreement. "Option Agreement" shall have the meaning set forth in Section 22.4.

Partial Taking. "Partial Taking" shall have the meaning given in Section 12.3(a).

Person. The term "person" shall include an individual, corporation, partnership, unincorporated organization or government, or any agency or political subdivision thereof and any other entity, whether or not incorporated. The use of the neuter gender shall include the masculine and the feminine and the use of the singular shall include the plural.

Plan. The term "Plan" shall mean the Waterfront Urban Renewal Plan as amended and as in effect on the Lease Commencement Date.

Proceeds. "Proceeds" shall have the meaning given in Section 10.4.

Proceeding. "Proceeding" shall have the meaning given in Section 12.1.

Property. The term "Property" shall have the meaning given in Section 1.5.

Public Areas of the Improvements. The term "public areas of the Improvements" shall have the meaning given in Section 7.2(d).

Rent. The term "Rent" shall have the meaning given in Section 3.1.

Tax Year. The term "Tax Year" shall mean the twelve-month period from July 1 to June 30.

Trade Fixtures, Machinery and Equipment. The expression "trade fixtures, machinery and equipment", or words of similar import, shall include all furnishings, chattels, personal property and equipment, and all additions, replacements or articles in substitution thereof, of every kind and description whether or not now or hereafter affixed and attached to the Improvements and which are not used, or procured for use, in connection with the operation of the Improvements as a Building, owned by Tenant or by persons claiming by, through or under Tenant.

Unit Interest Mortgage. The term "Unit Interest Mortgage" shall mean any assignment(s), mortgage(s), deed(s) of trust or other forms however styled of a security interest in any interest in a unit of a Leasehold Condominium created as set forth in

Section 19.2(c). The term "Unit Interest Mortgagee" shall mean the holder(s) of any Unit Interest Mortgage(s) from time to time.

Value Equivalent. "Value Equivalent" shall have the meaning given in Section 13.1.

Work. "Work" shall have the meaning given in Section 13.1(a).

ARTICLE 32

NONDISCRIMINATION; EMPLOYMENT; NO CONFLICTS

32.1 Non-Discrimination; Employment. Tenant, for itself and all successors and assigns, agrees that in the redevelopment of the Leased Premises and in all construction activity undertaken with respect thereto:

(a) Tenant will not discriminate against any employee or applicant for employment because of race, color, sex, religion, age or national origin. Tenant shall take affirmative action to ensure that applicants are employed, and that employees are treated during their employment without regard to race, color, sex, religion, age or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or compensation and selection for training, including apprenticeship. Tenant agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(b) Tenant will, in all solicitations or advertisements for employees placed by or on behalf of Tenant, state all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age or national origin.

(c) Tenant will (so long as the same shall be in effect) send to each labor union or representative of workers with which Tenant has a collective bargaining agreement or other contract or understanding, a notice to be provided, advising the said labor union or workers' representative of Tenant's commitments under Section 202 of Executive Order #11246 of September 24, 1965, as amended by Executive Order #11375 of October 13, 1967, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) Tenant will (so long as the same shall be in effect) comply with all provisions of Executive Order #11246 of September 24, 1965, as amended by Executive Order #11375 of October 13, 1967, and the rules, regulations and relevant orders of the Secretary of Labor.

(e) Tenant will (so long as the same shall be in effect) furnish all information and reports required by Executive Order #11246 of September 24, 1965, as amended by Executive Order #11375 of October 13, 1967, and by the rules, regulations and orders of the Secretary of Labor pursuant thereto, and will permit access to Tenant's books, records and accounts by the Landlord, the Secretary of Housing and Urban Development, and the Secretary of Labor, for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(f) In the event of Tenant's noncompliance with the nondiscrimination clauses of this Section 32.1 or with any of the said rules, regulations or orders, upon written notice to Tenant, and the continuance of such noncompliance for sixty (60) days thereafter, Tenant may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order #11246 of September 24, 1965, as amended by Executive Order #11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order #11246 of September 24, 1965, as amended by Executive Order #11375 of October 13, 1967, or by rules, regulations or orders of the Secretary of Labor, or as otherwise provided by law.

(g) Tenant will include the provisions of paragraph (a) through (g) of this Section 32.1 in every contract or purchase order, and will require the inclusion of these provisions in every subcontract entered into by any of its contractors, unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order #11246 of September 24, 1965, as amended by Executive Order #11375 of October 13, 1967, so that such provisions will be binding upon each such contractor, subcontractor or vendor as the case may be. Tenant will take such action with respect to any construction contract, subcontract or purchase order as the Landlord directs as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event Tenant becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the Landlord, Tenant may request the United States to enter into such litigation to protect the interest of the United States.

32.2 Boston Residents Construction Employment Plan. Tenant, for itself and all successors and assigns, agrees that in the redevelopment of the Leased Premises and in all construction activity undertaken with respect thereto, Tenant shall, prior to the issuance of any licenses or permits, submit to the Landlord a Boston Residents Construction Employment Plan, and shall execute such Plan which sets forth in detail the Tenant's plans to seek to meet on a craft by craft basis, the following standards: (1) at least fifty percent (50%) of the total employee workerhours in each trade shall be by bona fide Boston residents, (2) at least twenty-five percent (25%) of the total employee workerhours in each trade shall be by minority persons, and (3) at least ten percent (10%) of the total employee workerhours in each trade shall be by women. (Workerhours shall include work performed by persons filling apprenticeship and on-the-job training positions.)

Such efforts shall include of the following:

(a) Tenant shall incorporate in every general construction contract or construction management agreement an enumeration of the foregoing workerhour goals and shall impose a responsibility upon the contractor to pursue the efforts enumerated in this Section 32.2 and to incorporate such worker hour goals in all subcontracts and impose upon all subcontractors the obligation to pursue such efforts;

(b) Landlord, Tenant, contractor, and every subcontractor shall each designate an individual to serve as affirmative action officer for the purpose of carrying out the efforts to achieve worker hour goals set forth herein;

(c) Contemporaneously with the start of construction, the affirmative action officers and other interested representatives of the Landlord, Tenant, contractor, and each subcontractor then selected shall hold a pre-job conference with appropriate union representatives of the construction trade unions for the purpose of reviewing the worker hour goals applicable to the Improvements and the manning requirements for construction activity over the life of the construction period;

(d) Each request for qualified construction workers made by any person involved in the construction of the Improvements to a union hiring hall or business agency shall contain a recitation of such worker hour goals and a request that qualified referees for construction positions on the Improvements be selected in the same proportion as such goals; provided, however, that if at the time of any such manning request the requesting party's workforce composition falls short of any one or more of such goals, such manning request shall seek qualified referrals in such proportion among such categories as would be necessary to more fully achieve such goals. In the event that the union hiring hall or business agent to which or to whom such a manning request has been submitted fails to comply with such request, the affirmative action officer of such requesting party shall seek to verify that insufficient workers in the categories specified in such request are then shown on the unemployed list maintained by such union hiring hall or business agent by seeking to obtain an affidavit from the union hiring hall representative or business agent to such effect. Copies of any affidavit so obtained shall be forwarded to the affirmative action officer of the Landlord.

(e) All persons applying directly to the contractor, or subcontractor for employment in construction on the project who are not employed by the party to whom application is made will be referred to the affirmative action officer of the Landlord and a written record of such referral shall be made, a copy of which shall be sent to such officer; and

(f) Tenant, contractor, and every subcontractor shall each maintain records reasonably necessary to ascertain compliance with the requirements of this Section for at least one year after the issuance of the Certificate of Completion and will make the same available for inspection by the Landlord upon reasonable notice.

32.3 Mayor's Executive Order re: Minority and Women Business Enterprises. Tenant, for itself and all successors and assigns, further agrees that in the redevelopment of the Leased Premises and in all construction activity undertaken with respect thereto, Tenant shall comply with the Mayor's Executive Order on Minority and Women Business Enterprise Development dated December 17, 1987 (the "Executive Order").

The Executive Order sets forth the following standards relative to contracting with Minority and Women Business Enterprises in all construction activity undertaken with respect to the Leased Premises, including the procurement of goods and services:

(a) at least 15% of the total construction contract amount shall be expended on Minority Business Enterprises:

(b) at least 5% of the total construction contract amount shall be expended on Women Business Enterprises.

The Tenant shall incorporate in every general construction contract or construction management agreement an enumeration of the foregoing goals and shall impose a responsibility upon the Contractor to submit the following information to the Tenant and the Landlord prior to the commencement of construction:

(i) Projections of the types of work under the proposed contract that the Contractor intends to have performed by subcontract, the types of materials and services that the Contractor intends to have supplied by vendor contract, and an approximate timetable for the execution of such subcontracts and vendor contracts.

(ii) A completed Minority Business Utilization Form which lists the Minority Business Enterprise which will perform work or supply goods and services, and including any third tier or other subcontracts to Minority Business Enterprises. A completed Women Business Utilization Form which lists the Women Business Enterprise which will perform work or supply the goods and services, and including any third tier or other subcontractors to a Women Business Enterprise. Each Women or Minority Business Enterprise shall be reported on said Form as either performing work or supplying goods or services, but not both.

(iii) A completed and signed Letter of Intent for each Minority or Women Business Enterprise proposed to be used by the Contractor, other than the contractor itself which lists the Contract items the Minority or Women Business Enterprise has proposed to perform or supply and the proposed price for each item.

(iv) A copy of executed subcontracts and vendor contracts shall be made available to the Landlord upon request. No Minority or Women Business Enterprise may be removed from the construction site, nor may any changes be made in the work or supply assignments, or reduction made in the dollar value thereof unless the Contractor proposes to substitute one or more Minority or Women Business Enterprises subject to the Landlord's prior approval in order to satisfy the stated requirements of this Section 32.3.

32.4 First Source Agreement. Tenant, for itself and all successors and assigns, further agrees that in the redevelopment of the Leased Premises, Tenant shall enter into with the Office of Jobs and Community Services or other appropriate City of Boston agency or the Landlord, and shall comply with the provisions of the First Source Agreement relating to employment positions for City residents. The form of the First Source Agreement is attached hereto as Exhibit H.

32.5 Conflict of Interests. Tenant is a subsidiary of a publicly traded corporation and, except perhaps for indirect interests through the ownership of stock in Tenant's parent, no member, official or employee of the Landlord has any personal interest, direct or indirect, in this Lease, nor has any such member, official or employee participated in any decision relating to this Lease which affects his personal interest or the interests of any corporation, partnership or association which he directly or indirectly holds an interest as that term is defined in M.G.L. c.268A. .

32.6 Non-Applicability to Individual Unit Owners. If a Leasehold Condominium succeeds to the interest of Tenant under this Lease as set forth in Section 19.2(c), the owner of any interest in the Leasehold Condominium (whether a timeshare interest or otherwise) shall not be individually or personally bound by any of the provisions of Sections 32.1 through 32.5 of this Lease, but rather the provisions of such Sections 32.1 through 32.5 shall apply only to work performed by or for the association of unit owners of the Leasehold Condominium.

ARTICLE 33

[Intentionally Omitted]

ARTICLE 34

GENERAL

34.1 Captions. The captions used in this Lease are for the purpose of convenience only and shall not be construed to define. limit or extend the meaning of any part of this Lease.

34.2 Counterparts/Duplicate Copies. Any executed copy of this Lease or any copy thereof shall be deemed an original for all purposes.

34.3 Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid. illegal or unenforceable in any respect. such invalidity, illegality or unenforceability shall not affect any other provision of this Lease. but this Lease shall be construed as if such invalid. illegal or unenforceable provision had not been contained herein. This Lease shall be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

34.4 Interpretation. The language in all parts of this Lease shall in cases be construed as a whole according to its fair meaning, and not strictly for or against either Landlord or Tenant. When the context of this Lease requires. the neuter gender (or the term "person") includes the masculine. the feminine. a partnership or corporation or joint venture. and the singular includes the plural.

34.5 [Intentionally Omitted]

34.6 Parties Bound. The covenants and agreements contained in this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. The Landlord and Tenant each warrant and represent to the other that all action has been taken by the warranting party to authorize the execution and delivery of this Lease and that this Lease is valid and binding upon it in accordance with its terms.

34.7 No Waiver. The waiver by Landlord or Tenant or any breach of any term. covenant or condition herein contained shall not be deemed to be a waiver of such term. covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained.

34.8 Reasonable Standard. Each Party hereto agrees to act reasonably and in good faith with respect to the performance and fulfillment of the terms of each and every covenant and condition contained in this Lease, and with respect to the exercise of each and every right reserved herein, and wherever in this Lease the consent, approval or exercise of judgment or discretion of either Party is required or requested, such consent or approval shall not be withheld or delayed unreasonably and such judgment or discretion shall not be exercised arbitrarily, but shall be exercised reasonably and promptly. In no event shall this limitation be construed in any case as a contractual limitation on the exercise by the Landlord (or such successor agency) of the regulatory powers conferred upon the Landlord (or such successor agency) by any provision of general or special law now in effect or hereafter enacted if such law provides a standard for the exercise of such powers which is different from the reasonable and prompt standard of this Lease.

34.9 Interest. Where interest is provided to be paid to either Party hereunder, the rate therefore, on an annualized basis, shall be computed quarterly at the base rate (or its reasonable equivalent) from time to time charged by The First National Bank of Boston (or its successor), but in no event more than the amount, if any, which would violate applicable usury prohibitions.

34.10 No Partnership. It is hereby mutually agreed that between Landlord and Tenant that Landlord shall not, as the result of the rights granted in this Lease, be deemed or considered as co-owner, co-partner or co-venturer with Tenant in or with respect to the Leased Premises or the Property or with respect to any obligation of the Tenant under any sublease or any other contract, agreement or obligation in respect of the Leased Premises or the Property.

34.11 Cooperation Agreement. Landlord shall during the term of this Lease comply with the terms and provisions of the Cooperation Agreement relating to the Plan between it and the City of Boston, dated June 10, 1965, as amended, (which is hereby incorporated herein by reference and attached hereto as Exhibit G), and shall enforce all of its rights thereunder, to the extent such enforcement shall be necessary in Tenant's reasonable judgment to enable Tenant to meet its obligations hereunder, it being agreed that such Agreement is not a Permitted Encumbrance and in no way burdens the Property or imposes duties on the Tenant.

34.12 Landlord's Default. Landlord shall be in default hereunder if Landlord fails to perform any lease covenants to be performed by Landlord and such failure continues for a period of thirty (30) days after written notice from Tenant.

34.13 Notice of Lease. The parties agree not to record this Lease but, at the request of either, will execute, acknowledge and deliver a Notice of Lease in recordable form containing only the information required by law for recording.

ARTICLE 35

INTEGRATION

35.1 Integration. This Lease, and the Exhibits and addenda, if any, attached hereto, constitute the entire agreement between the parties, and there are no agreements or representations between the Parties except as expressed herein. It is the intent of the Parties. in the event of inconsistencies among the documents. that the terms of this Lease will be controlling.

No subsequent change or addition to this Lease shall be binding unless in writing and signed by the Parties hereto.

IN WITNESS WHEREOF. the Parties hereto have executed this Lease as of September 28, 1995, under seal.

APPROVED AS TO FORM:	LANDLORD:	BOSTON REDEVELOPMENT AUTHORITY
By:_________________________ General Counsel		By:_________________________ Marisa Lago. Director
	TENANT:	MARRIOTT OWNERSHIP RESORTS. INC.
		By:_________________________ Name: Title:

The City of Boston joins in and agrees to Section 1.2. Section 4.10 and Section 7.5 hereof. and for purposes of such Sections is a party hereto.

APPROVED AS TO FORM:	CITY OF BOSTON
By:_________________________ Corporation Counsel	______________________________ Thomas M. Menino. Mayor
	______________________________ Ronald W. Rakow. Commissioner of Assessing (as to Section 4.10)

COMMONWEALTH OF MASSACHUSETTS

Suffolk. SS Boston ______________, 1995

Then personally appeared before me the above-named ______________________.

__________________________ of Marriott Ownership Resorts, Inc., who executed the foregoing Ground Lease on behalf of said Marriott Ownership Resorts. Inc.

____

Notary Public
My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

Suffolk, SS. Boston ______________. 1995

Then personally appeared before me the above-named Marisa Lago, as Director of the Boston Redevelopment Authority. who executed the foregoing Ground Lease on behalf of the Boston Redevelopment Authority.

____

Notary Public
My Commission Expires:

Exhibit A to Lease

Descriptions of
the Plan,
the Building,
the Transformer/Loading Area,
the Main Entrance Area,
the Vehicular Way and
the Adjacent Areas

Plan

The "Plan" means that certain plan entitled "Property Plan, Boston, Mass." dated November 9, 1995, last revised November 14, 1995, Scale 1" = 20', prepared by Harry R. Feldman, Inc., Land Surveyors, a copy of which has been recorded with the Suffolk County Registry of Deeds together with the Notice of Lease of the Lease to which this Description is attached.

Building

The "Building" means that certain parcel of land, together with the buildings and improvements now or hereafter located thereon, commonly known as the Custom House, which sometimes has an address of 2 India Street and sometimes an address of McKinley Square, both in Boston, Suffolk County, Massachusetts, more particularly bounded and described as follows:

Beginning at the northeasterly corner of the granite base of the Custom House as shown on the Plan;

thence running S 12°35'35" E, a distance of 14.20 feet;

thence turning and running N 77°24'25" E, a distance of 3.00 feet;

thence turning and running S 12°35'35" E, a distance of 9.00 feet;

thence turning and running N 77°24'25" E, a distance of 19.00 feet;

thence turning and running S 12°35'35" E, a distance of 98.00 feet;

thence turning and running S 77°24'25" W, a distance of 19.00 feet;

thence turning and running S 12°35'35" E, a distance of 9.00 feet;

thence turning and running S 77°24'25" W, a distance of 3.00 feet;

thence turning and running S 12°35'35" E, a distance of 14.20 feet;

thence turning and running S 77°25'42" W, a distance of 79.09 feet;

thence turning and running N 12°35'30" W, a distance of 23.19 feet;

thence turning and running S 77°24'30" W, a distance of 22.00 feet;

thence turning and running N 12°35'30" W, a distance of 13.50 feet;

thence turning and running S 77°24'30" W, a distance of 10.25 feet;

thence turning and running N 12°35'30" W, a distance of 71.00 feet;

thence turning and running N 77°24'30" E, a distance of 10.25 feet;

thence turning and running N 12°35'30" W, a distance of 13.50 feet;

thence turning and running N 77°24'30" E, a distance of 22.00 feet;

thence turning and running N 12°35'30" W, a distance of 23.18 feet;

thence turning and running N 77°24'25" E, a distance of 79.09 feet to the point of beginning.

Containing an area of 16,513 square feet as shown on the Plan. Said land is referred to on the Plan as the "Custom House Parcel."

Transformer/Loading Area

The "Transformer/Loading Area" means that certain parcel of land, together with the buildings and improvements now or hereafter located thereon, located at the northwest corner of the Building, more particularly bounded and described as follows:

Beginning at the northwesterly corner of the "Custom House Parcel" as shown on the Plan;

thence running S 77°24'25" W a distance of 32.25 feet;

thence turning and running S 12°35'30" E a distance of 36.68 feet;

thence turning and running N 77°24'30" E by the Custom House Parcel shown on the Plan a distance of 10.25 feet:

thence turning and running N 12°35'30" W by said Custom House Parcel a distance of 13.5 feet;

thence turning and running N 77°24'30" E by said Custom House Parcel a distance of 22 feet;

thence turning and running N 12°35'30" W by said Custom House Parcel a distance of 23.18 feet to the point of beginning.

Containing an area of 886 square feet as shown on the Plan.

Main Entrance Area

The "Main Entrance Area" means that certain parcel of land, together with the buildings and improvements now or hereafter located thereon, located along the easterly side of the Building, between the Building and the "Vehicular Way" described below, more particularly bounded and described as follows:

Beginning at a point on the westerly side of the Vehicular Way as shown on the Plan (said point is located from the northeasterly corner of the granite base of the Custom House the following: S 12°35'35" E, a distance of 14.20 feet, thence N 77°24'25" E, a distance of 3.00 feet, thence S 12°35'35" E, a distance of 9.00 feet, and thence N 77°24'25" E, a distance of 32.40 feet);

thence running S 12°41'39" E along the westerly sideline of the Vehicular Way, a distance of 98.00 feet;

thence turning and running S 77°24'25" W, a distance of 13.58 feet to the easterly boundary line of the Custom House Parcel shown on the Plan;

thence turning and running N 12°35'35" W by the said easterly boundary line of the Custom House Parcel, a distance of 98.00 feet;

thence turning and running N77°24'25" E, a distance of 13.40 feet to the point of beginning.

Containing an area of 1,322 square feet as shown on the Plan.

Adjacent Areas

The "Adjacent Areas" means that certain parcel of land, together with the buildings and improvements now or hereafter located thereon, located around the Custom House, the Transformer/Loading Area and the Main Entrance Area, more particularly bounded and described as follows:

Beginning at a point which is the northeasterly corner of the Adjacent Areas as shown on the Plan, which point is to be located in the new southerly line of State Street, (said point is located N 12°35'35" W, a distance of 17.00 feet and thence N 77°24'25" E, a distance of 75.33 feet, from the northeasterly corner of the granite base of the Custom House);

thence running S 12° 41' 39" E, a distance of 179.43 feet;

thence turning and running S 77° 25' 42" W, a distance of 132.75 feet to a point of curvature;

thence turning and running southwesterly, westerly and northwesterly along a curved line to the right having a radius of 75.00 feet, a distance of 82.72 feet to a point of compound curvature;

thence turning and running less northwesterly along a curved line to the right having a radius of 150.00 feet, a distance of 49.81 feet to a point of tangency;

thence running N 20° 21' 18" W, a distance of 74.49 feet to a point of curvature;

thence turning and running less northwesterly, northerly and northeasterly along a curved line to the right having a radius of 15.00 feet, a distance of 25.59 feet to a point of tangency;

thence running N 77° 24' 25" E, a distance of 209.27 feet to the point of beginning.

Excluded from the Adjacent Areas are the Custom House Parcel, the Transformer/Loading Area and the Main Entrance Area, all as shown on the Plan.

The Adjacent Areas contain an area of 18,534 square feet as shown on the Plan.

Vehicular Way

The "Vehicular Way" means that certain parcel of land, together with the improvements now or hereafter located thereon, 20 feet in width, extending from State Street to Central Street across the McKinley Square area of the Adjacent Areas, more particularly bounded and described as follows:

Beginning at a point on the southerly boundary line of the Adjacent Areas as shown on the Plan, said point being located S 77°25'42" W, a distance of 20.00 feet from the southeasterly corner of the Adjacent Areas;

thence running S 77°25'42" W along the said southerly boundary line of the Adjacent Areas, a distance of 20.00 feet;

thence turning and running N 12°41'39" W, a distance of 179.41 feet to a point on the northerly boundary line of the Adjacent Areas;

thence turning and running N 77°24'25" E along the said northerly boundary line of the Adjacent Areas, a distance of 20.00 feet;

thence turning and running S 12°41'39" E, a distance of 179.42 feet to the point of beginning.

Containing an area of 3,589 square feet as shown on the Plan.

EXHIBIT C

PROMISSORY NOTE

$1.580.000.00 Boston, Massachusetts
as of September 29, 1995

FOR VALUE RECEIVED, Marriott Ownership Resorts, Inc., a Delaware corporation having a principal place of business at 1200 U.S. Highway South, Suite 10, P.O. Box 890, Lakeland, Florida 33801 (referred to herein as "Obligor"), promises to pay to the order of the Boston Redevelopment Authority, a public body politic and corporate with offices at One City Hall Square, Boston, Massachusetts 02201 (referred to herein as "BRA"), at the principal office of BRA, City Hall, Boston, Massachusetts 02201, or at such other place, or to such other party or parties as BRA may from time to time designate in writing, the principal sum of ONE MILLION FIVE HUNDRED EIGHTY THOUSAND DOLLARS ($1.580.000.00) (the "Obligation"), without interest, payable upon the conditions and terms set forth below.

This Promissory Note is given as part of the Rent called for pursuant to that certain Lease of even date herewith (the "Lease Agreement") between BRA, as landlord, and Obligor, as tenant, for property known as the Custom House in Boston, Massachusetts. Capitalized terms used but not defined in this Promissory Note shall have the same meaning as in the Lease Agreement.

(a) Principal: The principal of the Obligation is ONE MILLION FIVE HUNDRED EIGHTY THOUSAND DOLLARS ($1.580.000.00).

(b) Repayment: The principal of the Obligation shall be repaid in four installments as follows:

(1) Four Hundred Thousand Dollars ($400.000.00) on September 29, 1996.

(2) Four Hundred Thousand Dollars ($400,000.00) on September 29, 1997.

(3) Four Hundred Thousand Dollars ($400.000.00) on September 29, 1998, except that if the Additional Museum Payment has not been paid to Obligor pursuant to the Museum Sublease on or before September 29, 1998, then the amount of such payment and the amount of the Obligation shall be reduced by Ninety Thousand ($90,000.00) Dollars, and

(4) Three Hundred Eighty Thousand Dollars ($380,000.00) on September 29, 1999, except that if the Additional Museum Payment has

not been paid to Obligor pursuant to the Museum Sublease on or before September 29, 1999, then the amount of such payment shall be reduced. and the amount of the Obligation shall be further reduced. by Ninety Thousand ($90.000.00) Dollars.

(c) Prepayment: Obligor may repay the Obligation, in full or in part, at any time without penalty provided the Obligor pays the full amount of the Obligation.

(d) Acceleration: The entire balance of the outstanding principal of the Obligation shall become immediately due and payable either upon the bankruptcy, reorganization, dissolution or liquidation of the Obligor.

At the option of BRA. the entire balance of the outstanding principal of the Obligation shall become immediately due and payable upon demand if any payment of principal of the Obligation is not made within one hundred twenty (120) days after the date such payment was due and such failure continues for fifteen (15) days after receipt by Obligor of written notice. given after expiration of the 120-day grace period. of BRA's intention to accelerate the outstanding principal balance of the Obligation (an "Intent to Accelerate Notice").

(e) Late Charge: If any part of the principal of this Obligation shall not have been repaid within fifteen (15) days from the date BRA gives an Intent to Accelerate Notice, a late charge of three percent (3%) of the amount of the installment overdue shall be added to the said amount. In the event of any default hereunder continuing more than fifteen (15) days after BRA gives an Intent to Accelerate Notice. there shall be added to any unpaid balance due the cost and expenses of collection including reasonable attorneys' fees.

(f) Contingent Amounts: Obligor shall also pay an amount equal to ten percent (10%) of the Overage (as hereinafter defined), if any, received by Obligor for the initial sale of time share interests to bona fide third-party purchasers for time share units located at the Property, provided no such payments shall be due for the last two hundred four (204) time share interests sold by Obligor. (Time share intervals which are not included in Obligor's sales marketing program. such as maintenance intervals, shall be excluded in determining the last 204 time share interests.) "Overage" shall mean the amount, if any, that the gross sales price for a one-week time share interest for a one-bedroom time share unit exceeds Twenty Thousand Seven Hundred Fifty Dollars ($20,750.00). Although Obligor presently intends to develop only one-bedroom time share units in the event other types of time share units are developed on such floors, the $20,750 base figure used to calculate Overage for one-bedroom time share units shall be adjusted for other types of time share units by increasing or decreasing the $20,750 base figure by the same percentage as the floor area of the time share unit in question bears to the average floor area of a one-bedroom time share unit. If Obligor transfers any time share interest to a third party in any transaction which is not a bona fide third-party sale, the amount received by Obligor for such time share interest shall be deemed to be equal to the average amount received by Obligor for all time share interest of the same size and comparable location and finish then sold by Obligor. The contingent amounts under this Section (f) shall be due only on the initial sale of a time share interests by Obligor, and not on any subsequent resale, and shall not be due on the last 204 time share intervals included in Obligor's sales marketing program.

Amounts due under this Section (f) shall be paid quarterly on April 30 for sales made during the months of January, February and March; July 30 for sales made during the months of April, May and June; September 30 for sales made during the months of July, August and September; and January 30 for sales made during the months of October, November and December. On or before the last day of April, July, October and January until all time share interests on Floors 3 through 18 of the Improvements have been initially sold, Obligor shall deliver to BRA, if BRA so requests by written notice to Obligor, a statement listing the time share interests sold, and the amounts actually received by Obligor, during the quarter annual period just ended (i.e., the quarter annual periods ending, respectively, March 31, June 30, September 30, and December 31).

Obligor's obligations with respect to contingent payments under this Section (f) shall not be affected by, and shall survive, prepayment or acceleration of the Obligation. Obligor shall have full discretion to establish the gross sales price for the time share intervals. In the event that Obligor exercises its right under Section 19.2(b)(iv) of the Lease to transfer its interest in the Lease, Obligor shall pay the BRA ten percent (10%) of the amount by which the consideration received by Obligor for the transfer exceeds Obligor's actual out-of-pocket costs incurred in connection with the redevelopment of the Property, but shall have no further obligation to make further payments under this Section (f).

The redevelopment of the portions of the Building located above Floor 18 is physically and financially constrained by reduced floor areas, lack of windows, and difficulties in providing elevator access, among other factors. Obligor intends to redevelop the portions of the Building above Floor 18 for four time-share units and common areas, and the BRA has therefore agreed not to require contingent payments with respect to the last 204 time share intervals included in Obligor's sales marketing program (representing 51 one-week intervals for 4 units).

(g) Miscellaneous: Obligor and all endorsers, sureties and guarantors hereof consent to any and all extensions of time, renewals, waivers or modifications that may be granted by BRA with respect to the payment or other provisions of this Promissory Note, and to the release of any party liable hereon without substitution and agree that additional makers, endorsers, guarantors or sureties may become parties hereto without notice to them and without affecting their liability hereunder.

Presentation, demand and notice of demand, non payment and protest of this Promissory Note are waived.

Obligor may set-off any amounts due to Obligor from BRA under the Lease Agreement against amounts to be paid by Obligor under this Promissory Note.

This Promissory Note shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

It is the expressed intention of the Obligor that this Promissory Note is evidence of a debtor-creditor relationship with the BRA. Nothing contained herein shall be construed to create any relationship other than debtor-creditor. In particular, Obligor has no intention to become associated with BRA as partner or joint venturer or any relationship other than that of debtor-creditor.

IN WITNESS WHEREOF, Obligor has caused this Promissory Note to be executed and delivered as a sealed instrument by its respective duly authorized representative(s) as of the date first set forth above.

WITNESS: MARRIOTT OWNERSHIP RESORTS, INC.

________________________ By:________________________

Name:

Title:

EXHIBIT E

Development Review Procedures for Altered Improvements

1. These Development Review Procedures set forth the formal stages of submissions and approvals of the schematic design, the design development, and the contract documents for alteration of public areas of the Improvements (as defined in Section 7.2(d) of the Lease) which require approval by the Landlord under Section 8.1 of the Lease. In the event that any provision of these Development Review Procedures shall be inconsistent with any other provision of the Lease, then the Lease shall prevail over such inconsistent provision. Notwithstanding the foregoing, the parties may by mutual agreement follow a different design review procedures which may modify and supersede these Development Review Procedures.

2. With respect to alterations subject to these Development Review Procedures the Tenant shall submit to the Landlord a schematic design submission. as described in the development review procedures then generally followed by the City's planning agency to the extent not inconsistent herewith. The Landlord shall review the schematic design submission and shall within twenty (20) calendar days after receipt thereof either notify the Tenant in writing of disapproval. specifying in reasonable detail the respects in which the schematic design submission is disapproved, or notify the Tenant that the submission is approved.

3. After the Landlord has approved. or has been deemed to have approved. the schematic design submission, the Tenant shall submit to the Landlord the design development submission as described in the development review procedures then generally followed by the City's planning agency to the extent not inconsistent herewith. The Landlord shall review the design development submission for conformity with the approved schematic design submission and this Lease and shall, within twenty (20) calendar days after the receipt thereof. either approve the design development submission or notify the Tenant in writing of disapproval. specifying in reasonable detail the respects in which the Design Development submission is disapproved.

4. After the Landlord has approved, or has been deemed to have approved, the design development submission, the Tenant shall submit to the Landlord the contract documents submission (which includes final working drawings and specifications) as described in the development review procedures then generally followed by the City's planning agency to the extent not inconsistent herewith. The Landlord shall review the contract documents submission for conformity with the approved design development submission and shall, within twenty (20) calendar days of receipt thereof, either approve the contract documents submission or notify the Tenant in writing of disapproval, specifying in reasonable detail the respects in which the contract documents submission is disapproved.

5. In the event of a disapproval of any submission, the Tenant may resubmit the submission, altered in those respects specified by the Landlord as the grounds for disapproval. The resubmission shall be subject to the review and approval of the Landlord in accordance with the development review procedures and the timetable hereinabove provided for an original submission, until the submission shall be approved.

6. If the Tenant receives no notification from the Landlord of disapproval within twenty (20) calendar days after the transmittal to the Landlord of any design submission or amendment thereto, as the case may be, such design submission or amendment shall be deemed approved by the Landlord.

7. Landlord's approvals under these design review procedures shall not be unreasonably withheld, conditioned or delayed. With respect to approvals of the Landlord under these procedures, once approval has been given or deemed given of a submission stage, further review will be limited to consideration of the detailing or refinement of the previously approved submission and to new elements which were not present in the previous submission.

8. The submissions hereunder shall include provisions conforming, insofar as practicable, with the rules and regulations promulgated by the Architectural Access Board of the Commonwealth of Massachusetts to the extent the same are applicable to proposed alterations. The Landlord shall take into consideration the provisions and objectives of such rules and regulations in its review of and action upon the submissions.

EXHIBIT H

FIRST SOURCE AGREEMENT

WHEREAS, Marriott Ownership Resorts, Inc., a Delaware corporation, (the "Developer") is engaged in the development of the project known as The Custom House (the "Development").

WHEREAS, in connection with other major real estate developments, developers within the City of Boston and the Mayor's Office of Jobs and Community Services ("OJCS"), have agreed to enter into First Source Agreement with OJCS which operates the Boston For Boston Placement Office (the "Placement Office") upon similar terms.

NOW, THEREFORE, the Developer and OJCS agree that, for the period from the date hereof through December 31, 2000, the Developer shall, in seeking qualified employees to fill job vacancies and new employment positions for operating, security, maintenance and property management personnel (excluding senior level management personnel) employed at the Development directly by the Developer, or any such personnel permanently assigned to the Development who are employed by any service, maintenance, security or management agent, time share vacation resort operator or comparable independent contractor engaged by the Developer, whether such positions be full-time, part-time or seasonal, Developer shall follow the following procedures:

A. Prior to announcing or advertising the availability of an employment position created by vacancy of an existing position or of a new employment position at the Development in any communications medium (other than compliance with internal posting procedures) or with any employment or referral agency, the Developer will notify the Placement Office c/o Mayor's Office of Jobs and Community Services, 43 Hawkins Street, Boston, MA 02114, of such position, including a general description of the position and Developer's minimum requirements for qualified applicants therefor, and shall request the Placement Office to refer qualified applicants for such position. The Developer shall refrain from such announcement or advertisement publicly appearing for a period of five (5) business days after notification to the Placement Office of the availability of such position. Such five (5) day period is hereinafter referred to as the "Advance Notice Period."

B. Upon receipt from the Developer of a notice of an employment position, the Placement Office shall refer to the Developer candidates for employment whom the Placement Office believes are qualified for the position and who meet the Developer's minimum requirements for such position, and shall make arrangements for the person or persons referred to be interviewed by the Developer within the Advance Notice Period. In the event that the Placement Office believes that it is unable to refer qualified candidates for such position within the Advance Notice Period, it shall so inform the Developer, thereby waiving the obligation of the Developer to refrain from further announcement or advertisement to fill such position during the balance of the Advance Notice Period.

C. Nothing contained herein shall prevent the Developer from filling job vacancies or newly created positions without compliance with the foregoing procedures by transfer or promotion from its existing staff or existing staff of affiliates or from a file of qualified applicants maintained by the Developer; provided, however, that the Developer shall give consideration first to those applicants in such file of qualified applicants previously referred by the Placement Office. Further, nothing contained herein shall be construed to require Developer or any service, maintenance, security or management agent, time share vacation resort operator or independent contractor engaged by the Developer to hire any candidate referred by the Placement Office.

D. The Developer shall incorporate the provisions of the First Source Agreement in all contracts, agreements, and purchase orders for labor with any service, maintenance, security or management agent, time share vacation resort operator or like independent contractor engaged by the Developer whose personnel will be permanently assigned to the Development and shall obligate such agent or independent contractor to comply with the procedures set forth in Paragraphs A through C hereof.

Executed as of ________________.

MARRIOTT OWNERSHIP RESORTS, INC.	CITY OF BOSTON ACTING BY AND THROUGH THE MAYOR'S OFFICE OF JOBS AND COMMUNITY SERVICES
By:________________________ Name: Title:	By:________________________ Director

RUDM/0166569 01
11/07/95

[BEAL LETTERHEAD]

[Pre-Closing Agreement]

As of September 28, 1995

Boston Redevelopment Authority
City Hall
Boston, Massachusetts 02201
Attention: Marisa Lago, Director

Re: Custom House

Ladies and Gentlemen:

Pursuant to a resolution adopted on July 26, 1990, the Boston Redevelopment Authority ("BRA") tentatively designated the Beal Company as redeveloper of the Custom House. On December 21, 1990 the BRA entered into a Lease Commencement Agreement (the "LCA") with an affiliate of the Beal Companies, Beal Properties CH Limited Partnership ("Beal CH Partnership"), for the redevelopment of the Custom House as a hotel.

Since the LCA was signed, Beal CH Partnership has, until now, been unable to obtain commitments for a hotel operator and for the necessary financial investment in order to redevelop the Custom House and satisfy the terms of the mortgage loan from the U.S. General Services Administration to the BRA (the "GSA Loan") which currently encumbers the Custom House. However, Beal CH Partnership has, since the LCA was executed, made payments to the BRA to pay the BRA's costs of debt service on the GSA Loan.

As you are aware, Beal CH Partnership has obtained a commitment from Marriott Ownership Resorts, Inc. ("MORI") to redevelop the Custom House as a high quality time share vacation resort property. The principal terms for the acquisition and redevelopment of the Custom House by MORI were set forth in a Term Sheet approved by the BRA on May 18, 1995. The BRA, Beal CH Partnership, and MORI have had extensive discussions concerning the project, and have reached agreement on the terms, conditions, and provisions of a lease (the "Lease") from the BRA to MORI, a purchase option (the "Purchase Option") to be granted by the BRA to MORI's parent, Marriott International, Inc. ("MI"), and certain other agreements concerning the redevelopment of the Custom House, all of which are referred to below as the "Escrow Documents." Pursuant to a vote taken on ____________, 1995, the BRA has granted final designation of Beal CH Partnership and MORI as joint redeveloper of the Custom House and authorized the execution of this Letter Agreement. the Lease. the Purchase Option. and the other Escrow Documents.

The LCA contained certain agreements which are no longer applicable to the planned redevelopment of the Custom House. Accordingly, the BRA and Beal CH Partnership agree to terminate the LCA without liability or recourse to either party, and to substitute this Letter Agreement for the LCA. This Letter Agreement shall constitute a valid. binding and enforceable agreement among the BRA. Beal CH Partnership. and MORI.

The term "Redeveloper" as used in this Letter Agreement shall refer to Beal CH Partnership and MORI jointly, and MORI shall have the sole and exclusive right to act on behalf of Redeveloper under this Letter Agreement. The term "Project" shall refer to redevelopment of the Custom House and associated areas in accordance with the Lease. Other capitalized terms used in this Letter Agreement and defined in the Lease shall have the same meaning as in the Lease. and the definitions of these terms are incorporated herein by reference.

For good and valuable consideration. the receipt and sufficiency of which he hereby acknowledged. the BRA. Beal CH Partnership. and MORI hereby agree as follows:

1. The following documents (the "Escrow Documents"). all dated as of September 28. 1995. have been executed by the parties thereto and deposited with MORI's counsel. Hill & Barlow ("Escrow Agent") to hold in escrow:

   i. The Lease.
   ii. A Notice of the Lease for recording purposes.
   iii. The Purchase Option.
   iv. The Promissory Note to be delivered under the Lease.
   v. The Mortgage to be delivered under the Purchase Option.

The Escrow Documents shall be held by Escrow Agent. subject to the Escrow Conditions set forth on Exhibit A attached hereto. The Escrow Conditions are for the benefit of the Redeveloper, and any of them may be waived by the Redeveloper. Upon notice by the Redeveloper that the Escrow Conditions have been satisfied (or waived), the Escrow Agent shall effectuate a closing (the "Closing") at which the Escrow Documents are removed from escrow, delivered to the parties, and where appropriate recorded. and the amounts to be paid by MORI and MI under the Lease and Purchase Option, respectively, are paid and disbursed in accordance with the terms of the agreements in question. MORI, on behalf of Redeveloper, shall have the right to defer the Closing until, but no later than. January 4, 1996. The commencement date for the term of the Lease is blank in the Lease and Notice of Lease, and shall be completed by Escrow Agent as the date of the Closing. If the Escrow Conditions have not been satisfied (or waived) and the Closing has not occurred on or before January 4, 1996, or if this Letter Agreement is terminated by Redeveloper pursuant to Paragraph 2 below, then the Escrow Documents shall be destroyed by the Escrow Agent unless otherwise instructed in writing by the Redeveloper and the BRA.

2. Subject to that certain letter agreement among the BRA and Redeveloper dated September 11, 1995, Redeveloper shall make a payment to the BRA for the debt service on the GSA Loan in an amount equal to $1,100 per day for each day from June 16, 1995 through and including December 15, 1995 and shall make an equal per diem payment on December 16, 1995 for the period from December 16, 1995 through January 4, 1996. MORI, on behalf of Redeveloper, shall have the right to terminate this Letter Agreement at any time by written notice to the BRA. In the event of such a termination, the BRA shall within 10 days refund to MORI an amount equal to $1,100 multiplied by the number of days, if any, from (i) the 15th day after the termination notice is given until (ii) the last day for which a per diem debt service payment was made.

3. On ____________, 1995, the BRA voted to make an eminent domain taking of the portion of the Leased Premises and Adjacent Areas not now owned by the BRA in order to assemble all of such land in the BRA's ownership. The BRA shall complete such taking on or before November 30, 1995.

4. The BRA has previously approved the plans and specifications for the Project listed on Exhibit B. Prior to the Closing, the Redeveloper shall from time to time submit more detailed plans and specifications for review and approval by the BRA. The BRA agrees to review and respond to requests for approval of the more detailed plans and specifications in accordance with the Designer Review Procedures attached to the Lease as Exhibit E, which Design Review Procedures are incorporated herein by reference.

5. At the Closing, the BRA shall possess, and shall demise to MORI pursuant to the Lease, good and clear record and marketable title to the Leased Premises, free from all liens and encumbrances and free from all tenants and occupants, subject only to the Permitted Exceptions. As set forth on Exhibit A to this Letter Agreement, Redeveloper shall have the right to confirm the BRA's title to the Leased Premises as one of the Escrow Conditions. The BRA shall take no action or fail to do any act which would result in or cause the creation of a lien, encumbrance, tenancy, or right of occupancy affecting the Leased Premises or otherwise cause title to or condition of the Leased Premises to fail to comply with the requirements of the Lease.

6. The BRA shall insure the Leased Premises and the Improvements as set forth on Exhibit C, which insurance the BRA agrees to maintain until the Closing. If any of the Improvements are damaged by fire or casualty, then the BRA shall restore such Improvements to its present condition; and if the BRA has not restored the Improvements by the Closing, then at MORI's election either this Letter Agreement shall be terminated or the BRA shall pay over to MORI at the Closing all amounts recovered (and/or assign to MORI all recovery rights) on account of such insurance, less any amounts reasonably expended by the BRA for partial restoration.

7. This Letter Agreement shall serve as a license for early entry (the "License") granted as of this date by the BRA to the Redeveloper. Pursuant to this License, the BRA

hereby authorizes the Redeveloper, its agents, employees, contractors, subcontractors, and invitees to enter upon the Leased Premises for the purposes of undertaking site work, inspections, measurements and all other purposes reasonably incident to the Project, including without limitation, pre-construction testing and exploration and marketing activities. The Redeveloper's access granted hereby shall be exercised in common with the BRA and other governmental agencies, but the BRA shall not grant access to other third-parties prior to the Closing without the prior approval of the Redeveloper. The Redeveloper agrees that all work done by it prior to the Closing shall be at its sole cost and expense and without liability of the BRA, that the same shall be undertaken in compliance with all applicable laws and regulations, and that the Leased Premises shall be restored to its prior condition, to the extent reasonably possible, after such work if such work does not constitute betterments and the Closing does not occur.

8. At such time as Redeveloper is regularly entering the Leased Premises pursuant to the License, the Redeveloper shall deliver to the BRA evidence of liability insurance for bodily injury with limits of not less than one million dollars per person/two million dollars per occurrence, and of liability insurance in an amount not less than one million dollars for property damage naming the BRA as an additional insured party. In addition, the BRA shall name the Beal Companies, Beal CH Partnership and MORI as additional insured parties on any liability insurance carried by the BRA with respect to the Leased Premises. The Redeveloper shall indemnify and save harmless the BRA from any loss, cost, claim or expense arising from injury to persons or property caused by any act or omission of Redeveloper, its agents, employees, contractors, subcontractors or invitees acting pursuant to the License. The BRA shall indemnify and save harmless the Redeveloper from any loss, cost, damage, or expense arising from injury to persons or property caused by an act or omission of the BRA, its agents, employees, contractors, subcontractors or invitees.

9. The BRA has agreed to remove from the Improvements all asbestos-containing materials designated by MORI, provided that such asbestos removal is done at MORI's expense. Prior to the Closing, MORI may engage a reputable asbestos removal contractor to remove asbestos from the Improvements in the name and on behalf of the BRA, provided that MORI shall pay all of the asbestos removal costs.

10. All notices under this Letter Agreement shall be given in the manner set forth in the Lease. Notices to the BRA and MORI shall be given to the addresses set forth in the Lease. Any notice to Beal CH Partnership shall be given at the following address:

The Beal Companies, Inc.
177 Milk Street
Boston, Massachusetts 02109
Attention: Robert L. Beal and
George L. McGoldrick, Jr.

Any party may change its respective notice address by written notice to the others.

This Letter Agreement shall take effect as a binding agreement under Massachusetts law upon execution by the BRA and MORI in the spaces provided below. This Letter Agreement cannot be amended except by a written instrument signed by all of the parties.

Sincerely Yours.

BEAL PROPERTIES CH LIMITED
PARTNERSHIP

By: Beal Properties, Inc..
General Partner

By:____________________
Robert L. Beal. Treasurer

AGREED:

BOSTON REDEVELOPMENT
AUTHORITY

By:____________________
Marisa Lago, Director

MARRIOTT OWNERSHIP
RESORTS. INC.

By:____________________
Name:
Title:

HILL & BARLOW, a Professional Corporation
(for purposes only of agreeing to serve
as Escrow Agent)

By:____________________
Richard D. Rudman.
Member of the Firm

Exhibit A

Escrow Conditions

1. Escrow Agent.

1.1 Nothing herein or in the Letter Agreement shall be deemed to impose any duty upon Escrow Agent to exercise discretion. The BRA and Redeveloper intend that Escrow Agent shall not be obligated to act except upon receipt of notice given by Redeveloper as set forth below that the Escrow Conditions have been satisfied or upon receipt of other written instructions signed both by the BRA and by MORI on behalf of Redeveloper. Escrow Agent shall be fully protected. and shall suffer no liability, for any act or failure to act taken in good faith or on advice of counsel. Escrow Agent may act and shall not incur any liability whatsoever for acting upon any notice. instruction or other document purporting to be genuine and presented on behalf of the BRA or MORI on behalf of Redeveloper. Escrow Agent shall be bound only by such modifications of the Letter Agreement as Escrow Agent has agreed to be bound by in writing. Except for the Letter Agreement and any such modifications. Escrow Agent shall not be bound by any agreement between the BRA and Redeveloper whether or not Escrow Agent has knowledge of such agreement.

1.2 In the event of a dispute. Escrow Agent may deposit the Escrow Documents in the Suffolk County Superior Court and be relieved of any further obligation under the Letter Agreement. Escrow Agent shall not be required to determine the validity of any claim by the BRA or Redeveloper against the other. Escrow Agent's sole responsibility being to deliver the Escrow Documents in accordance with the terms of the Letter Agreement (and any modifications approved by Escrow Agent) or to deposit the Escrow Documents with the Superior Court.

1.3 The BRA and Redeveloper agree. jointly and severally, to indemnify and hold Escrow Agent harmless from and against all liability, loss. cost. damage or expense (including attorneys fees and disbursements) in connection with any claim. action. suit or other proceeding which in any way relates to or arises out of the services of Escrow Agent hereunder except as the result of a willful default by Escrow Agent.

1.4 The BRA and Redeveloper acknowledge that Escrow Agent is serving as attorney for MORI in this transaction. and as an accommodation to MORI has agreed to perform the duties of Escrow Agent. Nothing herein or in the Letter Agreement shall in any manner limit Escrow Agent in continuing to represent MORI in all matters relating to the Letter Agreement or otherwise relating to the Project. including without limitation commencing and prosecuting litigation on behalf of MORI concerning the Letter Agreement or otherwise concerning the Project.

2. Escrow Conditions. The Escrow Conditions shall consist of the following.

2.1 Delivery by the U.S. General Services Administration ("GSA") of a discharge of the mortgage securing the GSA Loan and an estoppel certificate confirming that the Project satisfies all of the terms and conditions of the covenants set forth in the Deed from the GSA to the BRA recorded October 23, 1987 with the Suffolk County Registry of Deeds in Book 14178, Page 151, which discharge and certificate are in form and substance satisfactory to MORI and are delivered in escrow subject only to the receipt by the GSA of the $6,081,589 payment to be made by MORI to the GSA on behalf of the BRA as set forth in the Lease.

2.2 An examination of title by counsel to MORI (or MORI's title insurer) confirming that the Leased Premises are owned by the BRA and will be subject only to the Permitted Exceptions after recording of the GSA mortgage discharge.

2.3 Delivery by the BRA of certificates of authority and such other certificates and affidavits concerning mechanics liens, parties-in-possession, and such other matters as are necessary or appropriate, in the reasonable judgment of MORI, for MORI and MI to obtain title insurance for the interests in the Leased Premises under the Lease and Purchase Option.

2.4 Delivery by the Collector Treasurer of the City of Boston, as Trustee, of the Museum Sublease, a Notice of the Museum Sublease for recording purposes, satisfactory evidence of authority for the Museum Sublease, to be held in escrow subject only to the execution and delivery by MORI of the Museum Sublease and Notice of the Museum Sublease, payment of the $1,161,546.00 amount to be paid by the Collector Treasurer, as Trustee, to MORI under the Museum Sublease at the Closing, the release of the Lease from escrow and the recording of the Notices of the Lease and of the Museum Sublease. The Museum Sublease and Notice of Sublease must be satisfactory to MORI in form and substance.

2.5 Adoption by the BRA of such minor modifications to the Waterfront Urban Renewal Plan as are necessary, in the reasonable judgment of MORI, for the redevelopment of the Custom House as contemplated by the Lease, and delivery of confirmation by the BRA that the contemplated redevelopment, if constructed in accordance with the then approved plans and specifications as a time share vacation resort, will comply with all applicable requirements of the Boston Zoning Code and the Urban Renewal Plan.

2.6 Approvals of the Boston Landmarks Commission and Massachusetts Historical Commission for the plans and specifications through at least the design development phase.

2.7 All action by the City of Boston Public Improvements Commission and other City agencies necessary to discontinue all street rights within the Leased Premises and Adjacent Areas (except for the Vehicular Way), approve the construction of the Public Improvements Work, and enter into the Custom House Streets Agreement attached to the Lease.

2.8 Agreement by the BRA, Redeveloper, Boston Public Works and Transportation Departments, and the Massachusetts Highway Department on a schedule for the construction of the Public Improvements Work.

EXHIBIT B

Approved Plans and Specifications

EXHIBIT C

Insurance

PURCHASE OPTION

Custom House
2 India Street
Boston, Massachusetts
Given as of September 28, 1995

This Purchase Option (this “Option Agreement”) has been entered into as of the date written above between the Boston Redevelopment Authority, a public body politic and corporate organized under the laws of The Commonwealth of Massachusetts, its successors and assigns (“Seller”), with a current mailing address of One City Hall Square, Boston, Massachusetts 02201, and Marriott International, Inc. a Delaware corporation, and its successors and assigns (“Buyer”), with a current mailing address of Marriott Drive, Washington, D.C. 20058. Seller and Buyer are collectively referred to hereinafter as the “parties.” This Option Agreement is given by the Seller with respect to the land in Boston, Massachusetts, commonly numbered as 2 India Street and commonly known as the Custom House, located at McKinley Square, Boston, Massachusetts, as more particularly described in Exhibit A, attached, together with all buildings and other improvements now or hereafter located thereon (collectively, the “Property”). Reference is also made to that certain Lease dated as of even date herewith between Seller (as Landlord thereunder) and an affiliate of Buyer, Marriott Ownership Resorts, Inc. (as Tenant thereunder) with respect to the Property, notice of which was recorded immediately prior hereto, as such Lease may be amended from time to time (as so amended from time to time, the “Lease”).

IN CONSIDERATION OF the sum of One Hundred Ninety Thousand Dollars ($190,000.00) in hand herewith paid to the Seller by the Buyer, and other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged by the Seller, Seller and Buyer hereby agree as follows:

1. Grant of Purchase Option to Buyer. Seller hereby grants to Buyer the right to purchase the Property at any time on or before the expiration date determined under Section 5 below, for the “Option Purchase Price” of One Hundred Ninety Thousand Ninety-nine Dollars ($190,099.00) [the “Purchase Option”]. Of the total Option Purchase Price, the sum of One Hundred Ninety Thousand Dollars ($190,000.00) has been paid to Seller by Buyer upon the execution of this Option Agreement (the “Prepaid Portion of Option Purchase

Price"). This Purchase Option shall be subject to and shall be exercised in accordance with the terms and conditions stated in this Option Agreement.

Buyer hereby consents to the submission of Tenant's leasehold interest in the Property to condominium status, the creation of leasehold condominium units at the Property, and the creation and sale of timeshare interests, all as described in or contemplated by the Lease. An exercise of the Purchase Option granted in this Option Agreement, like a foreclosure of the Mortgage granted by Seller to secure its obligations under this Option Agreement, shall not disturb any of the rights of the Tenant under the Lease and those claiming by, through or under the Tenant including, without limitation, all subtenants, unit owners of condominium units at the Property, owners of time share interests in the Property or in condominium units at the Property, Tenant's leasehold mortgagee(s), and mortgagees of condominium unit interests or time share interests at the Property; and the Buyer upon its acquisition of the Property and any purchaser upon a foreclosure of the Mortgage securing this Option Agreement, shall succeed to Seller's rights in and under the Lease and shall recognize all of the rights of the Tenant under the Lease and those claiming by, through or under the Tenant. Upon request by either Seller or Buyer from time to time, Seller and Buyer shall enter into an attornment, non-disturbance and recognition agreement in commercially reasonable form with the Tenant under the Lease. The Lease shall not in any way be amended or modified, and no rights of the Tenant under the Lease may be modified, amended, or waived, without in each case obtaining the prior, written consent of Buyer, which shall not be unreasonably withheld.

Tenant shall not exercise any termination right under the Lease without giving at least 30 days' prior written notice to Buyer hereunder. Seller shall, or shall cause the Landlord under the Lease to, notify Buyer hereunder immediately of any event which could give rise to a termination of the Lease and shall in any case give Buyer or cause Buyer to be given at least 30 days' prior written notice of any termination of the Lease. Tenant and Landlord under the Lease have executed this Option Agreement in order to acknowledge and consent to their obligations under this Option Agreement.

2. Seller's Representations and Warranties. In order to induce Buyer to enter into this Option Agreement and to pay to Seller the Prepaid Portion of Option Purchase Price, Seller represents and warrants to Buyer as follows:

(a) Seller has good record and marketable title to the Property, subject only to the Lease and to the matters described as "Permitted Encumbrances" in the Lease;

(b) Seller is a duly organized and validly existing public body corporate and politic under the laws of The Commonwealth of Massachusetts;

(c) Seller has full capacity, power and authority to execute and deliver this Option Agreement and to perform all of the terms, conditions and provisions of this Option; and

(d) this Option Agreement and all other instruments and documents to be executed and delivered by Seller to Buyer hereunder or under the Lease or contemplated by this Option Agreement or the Lease, have been or will be duly executed and delivered by or on behalf of Seller by persons duly authorized thereto;

and all of the foregoing representations and warranties shall survive any termination of this Option Agreement or the Purchase Option hereby granted.

3. Exercise of Purchase Option by Buyer. Buyer shall exercise its Purchase Option in accordance with the following provisions:

(a) Buyer shall exercise its Purchase Option by delivery of written notice thereof to Seller at any time on or before the scheduled expiration date of the Term of the Lease (as defined in the Lease) [the "Exercise Notice"]. The Exercise Notice shall be accompanied by the final Ninety-Nine Dollar ($99.00) installment of the Option Purchase Price.

(b) The Exercise Notice shall state the time and place for the Closing ("Closing") of the purchase of the Property, which shall be no sooner than ten (10) business days after the date of the Exercise Notice and no later than one hundred twenty (120) days after the date of the Exercise Notice. If the Closing date selected by the Buyer shall be later than the last day of the Term of the Lease, then the Term of the Lease shall be automatically extended through the Closing date, without any need for any further action by any party, to which Landlord and Tenant hereby agree by their execution of this Option Agreement.

(c) Upon the delivery of the Exercise Notice, there shall arise a binding agreement for the sale and purchase of the Property between Seller as "Seller" and Buyer or its nominee as "Buyer", on the terms contained in the Exercise Notice and in this Option Agreement, for the Property.

(d) At the Closing, Seller shall deliver to Buyer: (i) possession of the Property subject only to occupancy by Tenant and persons claiming by, through or under Tenant, the Property to be delivered to Buyer in then "as-is, where-is" condition, with all faults then existing; and (ii) a deed for the Property incorporating the covenants now known as "quitclaim" covenants under Massachusetts general laws, c.183, §11, which deed shall convey good and clear record and marketable title to the Property, free and clear of all mortgages, encumbrances, restrictions, leases, licenses and other matters excepting only (1) the Lease and matters described in the Lease as Permitted Exceptions, (2) provisions of applicable federal, state and local law, (3) "Impositions" (as defined in the Lease) which are payable by, but which have not yet been paid by, the Tenant under the Lease, and (4) any other encumbrances, restrictions, easements, or the like arising after the date hereof assented to in writing by a duly authorized representative of Buyer. The deed shall provide that Buyer shall recognize the rights of the tenant under the Museum Sublease (as defined in Section 7.6 of the Lease) notwithstanding any termination of the Lease so long as the Museum Sublease is then in full force and effect, the tenant under the Museum Sublease is not in default thereunder beyond any applicable notice and cure periods, and the Museum Sublease is not otherwise terminable by the landlord thereunder in accordance with its terms (for instance, on account of a casualty). If the scheduled expiration of the Term of the Lease has not then occurred, the deed shall also provide that Buyer shall continue to make the observation deck at the Property available for use as set forth in Section 1.2.1 of the Lease until the scheduled expiration of the Term of the Lease or, if earlier, the occurrence of a casualty or taking reasonably requiring the demolition or substantial alteration of the Property. All recording and transfer costs and fees shall be the responsibility of the Buyer.

(e) In addition to said deed, Seller covenants and agrees that Seller shall execute any and all other affidavits, statements, instruments and documents then customarily executed, acknowledged and/or delivered by sellers in connection with the sale of comparable real estate in the Boston, Massachusetts area, or reasonably requested by Buyer in connection with the Closing, including, without limitation, any and all tax and title insurance documents then customary or reasonably requested by Buyer.

(f) If Seller shall be unable to give title or to deliver possession or to make conveyance of the Property, all as herein agreed, then Seller shall use its best efforts to cure such inability and the time for Closing (and, if necessary, the Term of the Lease) shall automatically be extended for one (1) month and, at Buyer's election, for such longer period of time as may be necessary to permit the cure. If at the expiration of such time Seller shall have failed to do so, then the Prepaid Portion of the Option Purchase Price, together with interest thereon from the date hereof, at the prime interest rate(s) established from time to time by The First National Bank of Boston or any comparable banking institution selected by Buyer, (such interest to be compounded annually) shall be forthwith refunded to Buyer and all other obligations of the parties hereto shall cease and this Option Agreement shall be void without further recourse to the parties. Buyer shall have the option, at either the original or any extended time for Closing to accept such title to and possession of the Property as the Seller can deliver and to pay therefor the balance of the Option Purchase Price, without deduction.

(g) Time is of the essence in connection with the exercise of Buyer's Purchase Option and the performance of the purchase and sale agreement arising out of the exercise of the Purchase Option. This Option may be assigned from time to time by Buyer in the sole discretion of Buyer, without any need for consent, approval or other clearance from Seller, provided that notice of such assignment shall be given to Seller within a reasonable time thereafter.

(h) Seller shall pay over to Buyer at the Closing any and all insurance proceeds and/or takings awards received by Seller together with interest thereon as set forth below, prior to the delivery of the Exercise Notice (except for amounts expended to restore the Property and amounts on account of a casualty or taking which has been fully restored), and shall assign to Buyer at the Closing by an assignment in form and substance reasonably acceptable to Buyer, all of Seller's rights in and to any other insurance proceeds and/or takings awards, with respect to the Property. Seller shall hold any and all insurance proceeds and/or takings awards received by Seller on account of the Property (except for amounts expended to restore the Property and amounts on account of a casualty or taking which has been fully restored) in trust for the benefit of the Property and Buyer, and shall hold such funds in a separate interest bearing bank account identified to Buyer and shall not commingle such funds with any other moneys of Seller.

(i) In the event Seller seeks relief under title 11 of the United States Code (the "Bankruptcy Code") or any other law of the United States or any state providing for reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief ("insolvency law"), or in the event that any creditor or other party in interest commences a proceeding under the Bankruptcy Code or any other insolvency law against Seller, or in the event of the appointment of any trustee, receiver, conservator or liquidator for Seller (any of the above being referred to hereinafter as an "Insolvency Proceeding"), then, in any such case, Seller hereby consents to the immediate relief of Buyer from the automatic stay imposed by Section 362 of the Bankruptcy Code or any comparable provision now or hereafter applicable in any Insolvency Proceeding, so that Buyer may exercise any and all of its rights and remedies under this Option Agreement (including, without limitation, the right to foreclose the Mortgage granted pursuant to Section 6 of this Option Agreement), and Seller hereby irrevocably waives any right to object to any such relief.

4. Further Assurances. Seller shall hereafter execute, acknowledge and deliver from time to time upon request from Buyer, any and all documents, instruments, estoppel certificates and the like, and shall take such further actions from time to time upon request from Buyer, all as Buyer may reasonably call for in order to cause this Option Agreement, and each of the Purchase Option and the Mortgage referenced in this Option Agreement, to be and remain in full force and effect for the benefit of Buyer and to bind and encumber the Property.

5. Expiration; Rule Against Perpetuities. The Purchase Option granted by this Option Agreement shall be null and void on the earliest to occur of (i) the date three (3) months after the scheduled expiration of the Term of the Lease (as it may be extended and subject to the automatic extensions provided herein), or (ii) the date one (1) year after any earlier termination of the Term of the Lease, without, in either case, the issuance by Buyer of the Exercise Notice; or (iii) the seventy-fifth (75th) anniversary of the date of this Option Agreement.

6. Mortgage to Secure Purchase Option. Partially in exchange for the Prepaid Portion of the Option Purchase Price paid herewith to Seller by Buyer; and in order further to secure the existence and priority of the Purchase Option and the obligations of Seller under this Option Agreement (as it may be amended, modified or extended from time to time by the parties); and in order further to

secure any damages which may be sustained by Buyer, directly or indirectly, as a result of the failure of Seller to perform its obligations under this Option Agreement as amended (including without limitation, damages resulting from any rejection of this Option Agreement as amended or the Purchase Option hereby granted, pursuant to Section 365 of the Bankruptcy Code, and damages resulting from any rejection, repudiation, recision or other termination of this Option Agreement as amended or the Purchase Option hereby granted, by the Seller in any Insolvency Proceeding); and in order to secure Buyer's rights in and to insurance proceeds and takings awards with respect to the Property as set forth in this Option Agreement, Seller has granted to Buyer a Mortgage on the Property of even date, subordinate to the Lease, which is recorded herewith.

7. Miscellaneous. This Option Agreement shall be governed by Massachusetts law. All notices to be given under this Option Agreement shall be given in writing and shall be delivered by hand, by postage-prepaid, registered or certified U.S. Mail, return receipt requested, or by recognized commercial courier service, return receipt requested, addressed to the addresses given above, or to such other addresses as either party may give notice to the other from time to time in accordance with the foregoing methods. All notices given under this Option Agreement shall be deemed received upon delivery. This Option Agreement may be amended from time to time only by writing executed by duly authorized representatives of the parties. No provision of this Option Agreement shall be waived except in writing signed by a duly authorized representative of the party to be bound. This Option Agreement and the Purchase Option hereby granted, and the Mortgage referenced herein, shall bind the Seller and its successors and assigns, and shall inure to the benefit of the Buyer and its successors and assigns. This Option Agreement and the Purchase Option hereby granted, and the Mortgage referenced herein, shall encumber the Property and shall run with the ownership of the Property from time to time, and any liens, encumbrances, easements and the like recorded after the recordation of this Purchase Option shall be subject and subordinate to this Option Agreement and the Purchase Option hereby granted (except as specifically otherwise provided with respect to the Lease and interests thereunder as set forth in Section 1, above). Seller shall have no right to burden, encumber or subordinate this Option Agreement, the Purchase Option, Buyer's interest herein, the Mortgage, or Buyer's interest in the Property.

EXECUTED as a sealed Massachusetts instrument as of the date first given above.

APPROVED AS TO FORM:

By:____________________________
Chief General Counsel,
Boston Redevelopment Authority

BOSTON REDEVELOPMENT AUTHORITY, Seller and Landlord

By:____________________________
Marisa Lago, Director

MARRIOTT INTERNATIONAL, INC., Buyer

By:____________________________
Name:
Title:

ACKNOWLEDGED AND CONSENTED TO:

MARRIOTT OWNERSHIP RESORTS, INC., Tenant

By:____________________________
Name:
Title:

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk, SS. ____________________, 1995

Then personally appeared the above-named Marisa Lago, Director of the Boston Redevelopment Authority, and acknowledged the foregoing instrument to be her free act and deed in such capacity and the free act and deed of said Boston Redevelopment Authority, before me.

____
Notary Public
My Commission Expires:

THE COMMONWEALTH OF MASSACHUSETTS

County of Suffolk, SS. ____________________, 1995

Then personally appeared the above-named ____________________, the ____________________ of Marriott International, Inc., and acknowledged the foregoing instrument to be his free act and deed in such capacity and the free act and deed of said Marriott International, Inc., before me.

____
Notary Public
My Commission Expires:

EXHIBIT A

Property Description

~~0179024.01~~
~~11/06/95~~
182088
11/14/95

Property Description

Custom House
2 India Street and
McKinley Square
Boston, Massachusetts

The "Property" consists of: (A) fee simple absolute title in and to each of those certain parcels of land, together with the buildings and improvements now or hereafter located thereon, more particularly described below as (1) the "Custom House," (2) the "Transformer/Loading Area," and (3) the "Main Entrance Area," together with (b) the "Appurtenant Rights" in and to the "Adjacent Areas," both as more particularly described below. The Appurtenant Rights consist of rights in the nature of covenants and easements, and the holder of the Appurtenant Rights has no fee simple title in or to the Adjacent Areas.

The title in and to the Transformer/Loading Area and Main Entrance Area, and the Appurtenant Rights, are subject to that certain agreement entitled "Custom House Public Areas Agreement" among the City of Boston, Boston Redevelopment Authority, Marriott Ownership Resorts, Inc., and Marriott International, Inc. dated _______________ and recorded with the Suffolk County Registry of Deeds herewith ("Public Areas Agreement").

References in this Property Description to the "Plan" mean that certain plan entitled "Property Plan, Boston, Mass." dated November 9, 1995, last revised November 14, 1995, Scale 1" = 20', prepared by Harry R. Feldman, Inc., Land Surveyors, a copy of which has been recorded with the Suffolk County Registry of Deeds together with the document to which this Property Description is attached.

The "Custom House" means that certain parcel of land commonly known as the Custom House, which sometimes has an address of 2 India Street and sometimes an address of McKinley Square, both in Boston, Suffolk County, Massachusetts, more particularly bounded and described as follows:

Beginning at the northeasterly corner of the granite base of the Custom House as shown on the Plan;

thence running S 12°35'35" E, a distance of 14.20 feet;

thence turning and running N 77°24'25" E, a distance of 3.00 feet;

thence turning and running S 12°35'35" E, a distance of 9.00 feet;

thence turning and running N 77°24'25" E, a distance of 19.00 feet;

thence turning and running S 12°35'35" E, a distance of 98.00 feet;

thence turning and running S 77°24'25" W, a distance of 19.00 feet;

thence turning and running S 12°35'35" E, a distance of 9.00 feet;

thence turning and running S 77°24'25" W, a distance of 3.00 feet;

thence turning and running S 12°35'35" E, a distance of 14.20 feet;

thence turning and running S 77°25'42" W, a distance of 79.09 feet;

thence turning and running N 12°35'30" W, a distance of 23.19 feet;

thence turning and running S 77°24'30" W, a distance of 22.00 feet;

thence turning and running N 12°35'30" W, a distance of 13.50 feet;

thence turning and running S 77°24'30" W, a distance of 10.25 feet;

thence turning and running N 12°35'30" W, a distance of 71.00 feet;

thence turning and running N 77°24'30" E, a distance of 10.25 feet;

thence turning and running N 12°35'30" W, a distance of 13.50 feet;

thence turning and running N 77°24'30" E, a distance of 22.00 feet;

thence turning and running N 12°35'30" W, a distance of 23.18 feet;

thence turning and running N 77°24'25" E, a distance of 79.09 feet to the point of beginning.

Containing an area of 16,513 square feet as shown on the Plan. Said land is referred to on the Plan as the "Custom House Parcel."

~~[insert legal property description from surveyor, make sure refers to a contemporaneous property plan to be recorded].~~

The "Transformer/Loading Area" means that certain parcel of land located at the northwest corner of the Custom House, more particularly bounded and described as follows:

Beginning at the northwesterly corner of the "Custom House Parcel" as shown on the Plan;

thence running S 77°24'25" W a distance of 32.25 feet;

thence turning and running S 12°35'30" E a distance of 36.68 feet;

thence turning and running N 77°24'30" E by the Custom House Parcel shown on the Plan a distance of 10.25 feet;

thence turning and running N 12°35'30" W by said Custom House Parcel a distance of 13.5 feet;

thence turning and running N 77°24'30" E by said Custom House Parcel a distance of 22 feet;

thence turning and running N 12°35'30" W by said Custom House Parcel a distance of 23.18 feet to the point of beginning.

Containing an area of 886 square feet as shown on the Plan.

~~[insert legal property description from surveyor, make sure refers to a contemporaneous property plan to be recorded].~~

The "Main Entrance Area" means that certain parcel of land located along the easterly side of the Custom House, between the Custom House and the "Vehicular Way" described below, more particularly bounded and described as follows:

Beginning at a point on the westerly side of the Vehicular Way as shown on the Plan (said point is located from the northeasterly corner of the granite base of the Custom House the following: S 12°35'35" E, a distance of 14.20 feet, thence N 77°24'25" E, a distance of 3.00 feet, thence S 12°35'35" E, a distance of 9.00 feet, and thence N 77°24'25" E, a distance of 32.40 feet);

thence running S 12°41'39" E along the westerly sideline of the Vehicular Way, a distance of 98.00 feet;

thence turning and running S 77°24'25" W, a distance of 13.58 feet to the easterly boundary line of the Custom House Parcel shown on the Plan;

thence turning and running N 12°35'35" W by the said easterly boundary line of the Custom House Parcel, a distance of 98.00 feet;

thence turning and running N77°24'25" E, a distance of 13.40 feet to the point of beginning.

Containing an area of 1,322 square feet as shown on the Plan.

~~[insert legal property description from surveyor, make sure refers to a contemporaneous property plan to be recorded].~~

The "Adjacent Areas" means that certain parcel of land located around the Custom House, the Transformer/Loading Area and the Main Entrance Area, all as more particularly bounded and described as follows:

Beginning at a point which is the northeasterly corner of the Adjacent Areas as shown on the Plan, which point is to be located in the new southerly line of State Street, (said point is located N 12°35'35" W, a distance of 17.00 feet and thence N 77°24'25" E, a distance of 75.33 feet, from the northeasterly corner of the granite base of the Custom House);

thence running S 12° 41' 39" E, a distance of 179.43 feet;

thence turning and running S 77° 25' 42" W, a distance of 132.75 feet to a point of curvature;

thence turning and running southwesterly, westerly and northwesterly along a curved line to the right having a radius of 75.00 feet, a distance of 82.72 feet to a point of compound curvature;

thence turning and running less northwesterly along a curved line to the right having a radius of 150.00 feet, a distance of 49.81 feet to a point of tangency;

thence running N 20° 21' 18" W, a distance of 74.49 feet to a point of curvature;

thence turning and running less northwesterly, northerly and northeasterly along a curved line to the right having a radius of 15.00 feet, a distance of 25.59 feet to a point of tangency;

thence running N 77° 24' 25" E, a distance of 209.27 feet to the point of beginning.

Excluded from the Adjacent Areas are the Custom House Parcel, the Transformer/Loading Area and the Main Entrance Area, all as shown on the Plan.

The Adjacent Areas contain an area of 18,534 square feet as shown on the Plan.

~~[insert legal property description from surveyor, make sure refers to a contemporaneous property plan to be recorded].~~

The "Vehicular Way" means that certain parcel of land, 20 feet in width, extending from State Street to Central Street across the McKinley Square area of the Adjacent Areas, more particularly bounded and described as follows:

Beginning at a point on the southerly boundary line of the Adjacent Areas as shown on the Plan, said point being located S 77°25'42" W, a distance of 20.00 feet from the southeasterly corner of the Adjacent Areas;

thence running S 77°25'42" W along the said southerly boundary line of the Adjacent Areas, a distance of 20.00 feet;

thence turning and running N 12°41'39" W, a distance of 179.41 feet to a point on the northerly boundary line of the Adjacent Areas;

thence turning and running N 77°24'25" E along the said northerly boundary line of the Adjacent Areas, a distance of 20.00 feet;

thence turning and running S 12°41'39" E, a distance of 179.42 feet to the point of beginning.

Containing an area of 3,589 square feet as shown on the Plan.

~~[insert legal property description from surveyor, make sure refers to a contemporaneous property plan to be recorded].~~

The "Appurtenant Rights" shall consist of the following rights in the nature of covenants and easements:

(1) the right to use the Adjacent Areas for all purposes consistent with the rights of public access and utility usage set forth in the Public Areas Agreement;

(2) the right, in common with the public, to use the Adjacent Areas for pedestrian access and egress to and from the Custom House parcel and across the Adjacent Areas;

(3) the right to use the Adjacent Areas for installation, removal, maintenance and repair of utility lines and services to the Custom House parcel (and to grant utility easements in connection therewith);

(4) the exclusive right to prohibit from time to time use of all or any portion of the Adjacent Areas for motor vehicle travel (except within the Vehicular Way);

(5) the exclusive right to use the Adjacent Areas (other than the Vehicular Way) for parking of motor vehicles and to prohibit from time to time parking of motor vehicles on any or all portions of the Adjacent Areas except with the prior permission of the then-owner of the Custom House parcel in each instance, to the end that all parking within the Adjacent Areas shall be available for the use of the then-owner of the Custom House parcel for its use and the use of its tenants, visitors and other persons designated by the owner from time to time of the Custom House parcel, provided that no fee shall be charged for parking in the Adjacent Areas;

(6) the right, subject to approval by the Boston Redevelopment Authority, not to be unreasonably withheld, conditioned or delayed, to install, maintain and repair signage, paving, landscaping and other improvements from time to time in the Adjacent Areas;

(7) the right, subject to approval by the Boston Redevelopment Authority, not to be unreasonably withheld, conditioned or delayed, to install, maintain, repair and operate information booths and retail carts, booths and kiosks in the Adjacent Areas from time to time; and

(8) the right to use the Adjacent Areas (other than the Vehicular Way) for construction and construction staging from time to time in connection with work in or on the Custom House parcel, the Transformer/Loading Area, the Main Entrance Area and/or the Adjacent Areas.

The rights of the owner of the Custom House parcel from time to time in each of the Transformer/Loading Area and the Main Entrance Area shall include, without limitation, the same rights enumerated above as Appurtenant Rights, as well as the right to use the Main Entrance Area for pedestrian and vehicular access and egress to and from the Custom House parcel and, subject to the approval of the Boston Redevelopment Authority (not to be unreasonably withheld, conditioned or delayed) the right to install, maintain, repair, use and replace from time to time canopies, signs and other entrance area improvements, and the right to use the Transformer/Loading Area for installation, maintenance, repair and operation of electric transformers and for loading and unloading of trucks, vans and other vehicles in connection with the operation of the Custom House parcel and the right to vehicular access and egress to and from the Transformer/Loading Area and India Street across the Adjacent Area located between India Street and the Transformer/Loading Area.

It is intended and agreed that the Appurtenant Rights enumerated above, as well as the other, additional rights enumerated with respect to the Transformer/Loading Area and the Main Entrance Area shall be deemed to be covenants and easements which run with the ownership of each of the Custom House parcel, the Transformer/Loading Area and the Main Entrance Area (collectively, the “Benefited Parcels”) from time to time, and shall be, in any event, and without regarding to technical classification or designation, legal or otherwise, and except only as otherwise specifically provided herein, to the fullest extent permitted by law and equity, binding for the benefit of the owner of the Benefited Parcels (and any of them) and enforceable against the owners from time to time of the burdened land.

3178295.01
11/06/95

CUSTOM HOUSE PUBLIC AREAS AGREEMENT

This Agreement ("Agreement") made as of ______________, 1995, by and among the City of Boston, acting by and through its Public Improvements Commission, (the "City"), the Boston Redevelopment Authority, a body politic and corporate organized under the laws of The Commonwealth of Massachusetts, (the "BRA"), Marriott Ownership Resorts, Inc., a Delaware corporation, ("MORI"), and Marriott International, Inc., a Delaware corporation, ("MII"). The City, the BRA, MORI and MII are collectively referred to in this Agreement as the "Parties."

Background

MORI and the BRA have entered into a Lease dated as of September 28, 1995 (the "Lease"), with respect to the development by MORI of a time share vacation resort project (the "Project") including the Custom House and certain adjacent areas (collectively, the "Development Area"). Portions of the Development Area are located within the current boundaries of State Street, India Street, Central Street and McKinley Square (the "Custom House Streets"). The BRA has also granted a Purchase Option dated as of September 28, 1995 (the "Purchase Option") to MII, pursuant to which MII has the right to acquire fee title to the Custom House and certain immediately adjacent areas and to acquire permanent easements in and to the remainder of the Development Area.

The Development Area is located within the Waterfront Urban Renewal Area, Project No. Mass. R-77. In order to facilitate the development of the Project, which will rehabilitate a landmark historic structure which is currently vacant and in disrepair, and in order to provide attractive plaza and sidewalk areas which will be available for public use in a congested portion of downtown Boston, the BRA and City have agreed to modify the current layout of the Custom House Streets and to construct improvements to the street, sidewalk, and plaza areas included in the Development Area.

In order to assemble the Development Area into single ownership, by Order of Taking dated __________, 1995 and recorded with the Suffolk County Registry of Deeds in Book ____, Page _____, (the "BRA Taking"), the BRA has taken the fee title in and to all of the Development Area subject to certain exceptions set forth in the BRA Taking for utilities, continued public pedestrian use of the portions of the Custom House Streets located within the Development Area and a 20-foot-wide public way for vehicular and pedestrian use in McKinley Square running between State Street and Central Street (the "Vehicular Way").

The City, by action of the Public Improvements Commission dated __________, 1995, recorded with the Suffolk County Registry of Deeds in Book _____, Page _____, has discontinued the portions of the Custom House Streets within the Development Area except for the Vehicular Way. The discontinued portions of the Custom House Streets are referred to herein as the "Discontinued Areas." The Discontinued Areas and the Vehicular Way are shown on a plan entitled "Discontinuance Plan, Custom House Streets, Boston Property," dated November ____, 1995 prepared by Harry R. Feldman, Inc., Surveyors the "Discontinuance Plan").

Pursuant to the Lease and Purchase Option, the Discontinued Areas will continue to be available to the public for use as sidewalk and plaza areas.

The City, by vote of the Public Improvement Commission on __________, 1995, has approved the plan for the improvement of the street, sidewalk, and plaza areas within the Development Area attached hereto as Exhibit A (the "Public Improvements"). The Public Improvements will be constructed by the City and/or MORI as provided in the Lease.

The term "Developer" shall mean (i) MORI, for so long as it is the "Tenant" under the Lease, (ii) thereafter MORI's successors and assigns as the "Tenant" under the Lease, and (iii) upon expiration or earlier termination of the Lease, MII, its successors and assigns, but only if MII has exercised its purchase rights under the Purchase Option.

The Parties wish to provide for the maintenance of the Public Improvements and to memorialize certain other agreements, all as set forth in this Agreement.

Agreements

IN CONSIDERATION OF the aforementioned vote of the City, the Parties hereto agree as follows:

1. Pursuant to the foregoing vote, the City has approved the construction of the Public Improvements by the City and/or MORI. The Public Improvements may be altered by the Developer from time to time in accordance with plans hereafter approved by the BRA and the Public Works Commissioner of

the City (which approvals shall not be unreasonably withheld, conditioned or delayed).

2. Developer shall, at its own expense, maintain the Public Improvements in good and safe condition and repair and shall maintain the Development Area in a neat and clean condition by sweeping and removal of trash, and shall replace trees within the Development Area as necessary and perform normal maintenance to the Public Improvements within the Development Area as necessary, including replacing of brick and granite surfacing, curbing and street furniture, clearing snow and ice from the sidewalks and Vehicular Way, and otherwise performing all necessary replacements and repairs of surface improvements.

3. The Developer's rights with respect to the Vehicular Way shall be subject to public rights for pedestrian and vehicular passage, and the Developer shall make the sidewalk and plaza areas located within the Discontinued Areas available for pedestrian use by the public.

4. Developer and its designees shall have the exclusive right to use the Discontinued Areas for the storage, sale or display of merchandise, or the conduct of any business enterprise, solicitation, distribution of material or other commercial activity, provided that all such uses shall be subject to the prior approval of the BRA (which shall not be unreasonably withheld, conditioned or delayed). The City shall refer to Developer all requests by third parties for permission to conduct commercial activities within the Discontinued Areas. Developer and its designees shall have the exclusive rights to use all parking areas within the Discontinued Areas.

5. The Developer's rights in the Discontinued Areas and Vehicular Way shall also be subject to a reserved easement for the City for the maintenance and operation of public utilities, subject to the conditions set forth in this Section 5. The currently existing rights to locate (or relocate) utilities in the Discontinued Areas and Vehicular Way granted by the City shall continue in force and effect. With respect to all existing and new utilities in the Discontinued Areas and Vehicular Way, it is the intention of the Parties that all such utilities shall continue to deal with the City in the first instance with respect to street openings affecting any of the Discontinued Areas or the Vehicular Way. The City shall, consistent with its present practice, continue to require an application for a permit for each and every opening of any of the Discontinued Areas or the Vehicular Way by any utility maintaining electric, gas, water, sewer, telephone or other public utility lines or facilities therein. The City will continue its present practices, in connection with such street openings, with the exception that no permanent restoration fees will be required. Prior to granting any such permit the City shall consult with Developer

regarding reasonable and appropriate terms, conditions and limitations for the issuance of such permits. It is expressly understood and agreed that future public utility lines and services shall not be permitted within the Main Entrance Area or Transformer/Loading Area shown on the Discontinuance Plan without the prior written consent of Developer.

To the extent that any person other than Developer ever performs any utility installation, removal, maintenance, repair or other work on or under the Discontinued Areas or Vehicular Way, Developer shall have the right to require such person, prior to commencing any such work, to execute, acknowledge and deliver a written agreement, in form and substance reasonably acceptable to Developer, requiring such other person (a) not to interfere with pedestrian or vehicular access to the Project at any time, (b) to complete the work in question within a reasonable period of time, (c) promptly upon completion of the work in question to restore the areas affected by the work to the condition which such areas were in prior to the work, (d) to indemnify and hold harmless each of the City, BRA, and Developer from and against any and all losses, costs, expenses, claims, demands, damages and lawsuits whatsoever, including without limitation reasonable attorneys' fees, on account of personal injury or death and/or property damage and/or any violation or breach of any provision of the foregoing agreement, and (e) to carry insurance in such forms, coverages and amounts as Developer may reasonably determine from time to time, and to provide certificates of such insurance from time to time upon request.

Developer agrees that Developer shall have no claim against the City for the replacement of pavers, curbstones or other Public Improvements which may become necessary as the result of work by utilities. Developer shall be responsible for temporary relocation of movable street furniture, planters and the like which may interfere with the necessary work of utilities, provided that Developer shall have received reasonable prior notice, and cooperation, from such utilities regarding the proposed work.

6. Developer agrees to indemnify and save harmless the City from all suits, actions, claims, demands, damages or losses, expenses and costs of every kind and description to which the City may be put resulting from, in connection with, or growing out of any negligent act or negligent omission of Developer, its agents or employees, in the construction and maintenance of the Public Improvements. The City shall give notice of any such suits, actions, claims, demands, damages or losses, expenses and costs, to Developer forthwith, and the City shall not object to the intervention by Developer in any suit or action arising out of such claims, demands, damages or losses, expenses or costs.

7. Developer (and if Developer is a partnership, joint venture or trust, no general or limited partner, partner of a partner, venturer, trustee or beneficiary thereof) nor any of the respective members, stockholders, officers, directors, employees, trustees, beneficiaries, or agents of Developer or of any of the foregoing (collectively all such persons being referred to as "Exculpated Persons") shall be personally or individually liable for any of Developer's obligations hereunder or in connection herewith, and in the event of any claim against Developer the claimant shall look solely to the interest of Developer in the real estate contained in the Development Area and not to any other assets or to any Exculpated Persons for satisfaction of such claim.

Without limiting the generality of the foregoing, if a leasehold condominium succeeds to the interest of Developer under the Lease, the owner of any interest in a unit of the leasehold condominium (whether a time share interest or otherwise) and any officer, director, employee, trustee, beneficiary, or agent of any association of unit owners in the leasehold condominium shall be Exculpated Persons, and any claimant shall look solely to the interest in the Development Area of the leasehold condominium and its owners and shall not be entitled to recovery from or against any other assets or any Exculpated Persons for satisfaction of any claim. No liability under this Agreement shall attach to any party as "Developer" unless the act or omission complained of, or on which it is based, occurred during the time period when such party held an interest in the Project.

8. This Agreement shall be governed by Massachusetts law. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns and cannot be amended or modified except in writing.

IN WITNESS WHEREOF, the Parties have executed this Agreement as a sealed Massachusetts instrument as of the day and year first above written.

CITY OF BOSTON, Acting by and through
its Public Improvements Commission

By: ____________________________
Chairman and Commissioner of
Public Works

BOSTON REDEVELOPMENT
AUTHORITY

By: ________________________
Marisa Lago, Director

MARRIOTT OWNERSHIP RESORTS,
INC.

By: ________________________
Name:
Title:

MARRIOTT INTERNATIONAL, INC.

By: ________________________
Name:
Title:

THE COMMONWEALTH OF MASSACHUSETTS

Suffolk County, SS. _______________, 1995

Then personally appeared the above-named Joseph Casazza, the Chairman of the Public Improvements Commission and Commissioner of Public Works of the City of Boston, Massachusetts, and acknowledged the foregoing Agreement to be his free act and deed in such capacities and the free act and deed of the City of Boston, Massachusetts, before me,

____
Notary Public
My Commission Expires:

THE COMMONWEALTH OF MASSACHUSETTS

Suffolk County, SS. _______________, 1995

Then personally appeared the above-named Marisa Lago, the Director of the Boston Redevelopment Authority and acknowledged the foregoing Agreement to be her free act and deed in such capacity and the free act and deed of the Boston Redevelopment Authority, before me,

____
Notary Public
My Commission Expires:

THE COMMONWEALTH OF MASSACHUSETTS

Suffolk County, SS. _______________, 1995

Then personally appeared the above-named ______________________, the __________________ of Marriott Ownership Resorts, Inc., acknowledged the foregoing Agreement to be his or her free act and deed in such capacity and the free act and deed of Marriott Ownership Resorts, Inc., before me,

____
Notary Public
My Commission Expires:

THE COMMONWEALTH OF MASSACHUSETTS

Suffolk County, SS. ______________, 1995

Then personally appeared the above-named ______________________, the ____________________ of Marriott International, Inc., and acknowledged the foregoing Agreement to be his or her free act and deed in such capacity and the free act and deed of Marriott International, Inc., before me,

____

Notary Public
My Commission Expires: